

MISSISSIPPI

Single Audit Report

For the Year Ended June 30, 1999



The Mississippi Comprehensive Annual Financial Report

for the fiscal year ended June 30, 1999

has been issued as a separate document.

OFFICE OF THE STATE AUDITOR
PHIL BRYANT, AUDITOR

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The Office of the State Auditor does not discriminate on the basis of race, religion, national origin, sex, age or disability.



State of Mississippi

OFFICE OF THE STATE AUDITOR

PHIL BRYANT
AUDITOR

March 15, 2000

The Governor, Members of the Legislature
and Citizens of the State of Mississippi

I am pleased to submit the *Single Audit Report* of the State of Mississippi for the fiscal year ended June 30, 1999. Our audit was conducted in accordance with the requirements of the Single Audit Act Amendments of 1996, the provisions of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State of Mississippi's audit requirements.

The Single Audit process requires the coordination and cooperation of many state government entities. We are particularly grateful for the efforts of the Mississippi Department of Finance and Administration in compiling data, other state agencies in assisting in the resolution of single audit issues and the efforts of our own outstanding staff.

I am also pleased to report recognition of two other state achievements in financial accounting and reporting:

- for the twelfth consecutive year the Government Finance Officers Association of the United States and Canada has awarded its Certificate of Achievement for Excellence in Financial Reporting to the Mississippi Department of Finance and Administration for the state's 1998 Comprehensive Annual Financial Report (CAFR) and
- an unqualified opinion has been rendered on the state's financial statements in 1999.

The Governor, Members of the Legislature
and Citizens of the State of Mississippi
Page 2

Mississippi's *Comprehensive Annual Financial Report* for fiscal year 1999 has been issued and is available electronically at <http://msonline.state.ms.us/> or by writing to the address below:

Mississippi Department of Finance and Administration
Attention: Bureau of Financial Reporting
P. O. Box 267
Jackson, MS 39205

I continue to be encouraged and enthusiastic about the quality of our government's financial reporting. It is a fair and diligent reflection of the importance our state places on taxpayers' money, as well as the dedication of the state's employees and citizens who must safeguard it. We can all be proud that this report represents another one of the many things we do well in Mississippi.

Respectfully submitted,

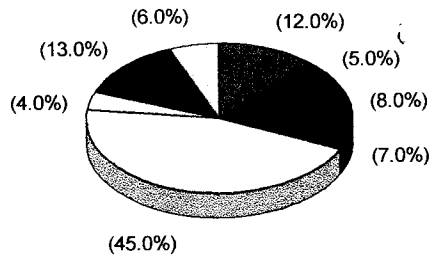


PHIL BRYANT
State Auditor

STATE OF MISSISSIPPI

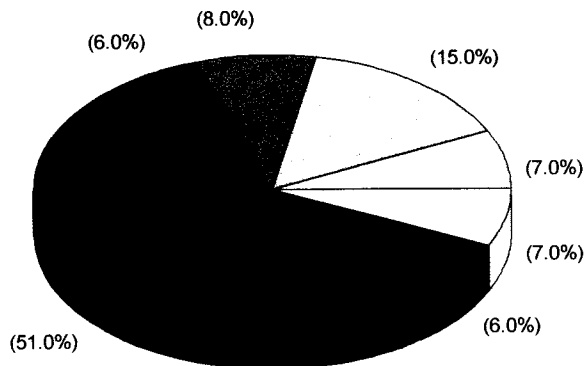
Fiscal Year 1999

Expenditures of Federal Awards by State Grantee Agency



- All Other
- Employment Security
- Education
- Environmental Quality
- Human Services
- Health
- Medicaid
- Transportation

Expenditures of Federal Awards by Federal Department

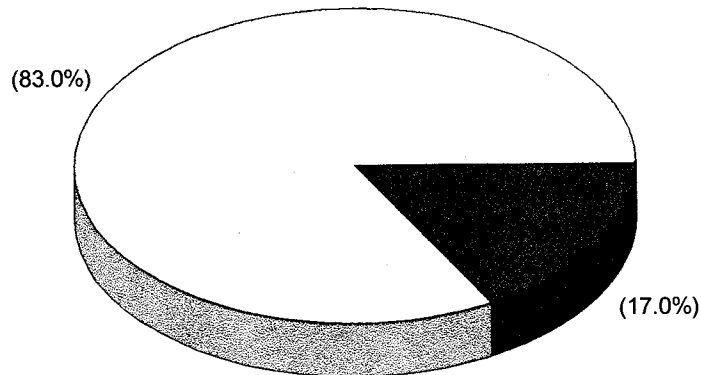


- All Other
- U.S. Dept. of Agriculture
- U.S. Dept. of Education
- Environmental Protection Agency
- U.S. Dept. of Health & Human Services
- U.S. Dept. of Labor
- U.S. Dept. of Transportation

STATE OF MISSISSIPPI

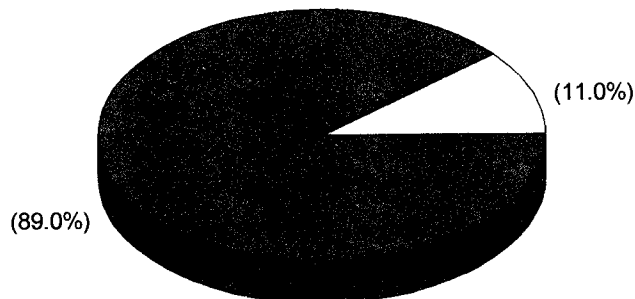
Fiscal Year 1999

Percentage of Major Program Assistance
Total Expenditures of Federal Awards \$3,170,126,147



□ Major Programs \$2,623,540,066 ■ Other Programs \$546,586,081

Percentage of Major Program Assistance
250 Programs

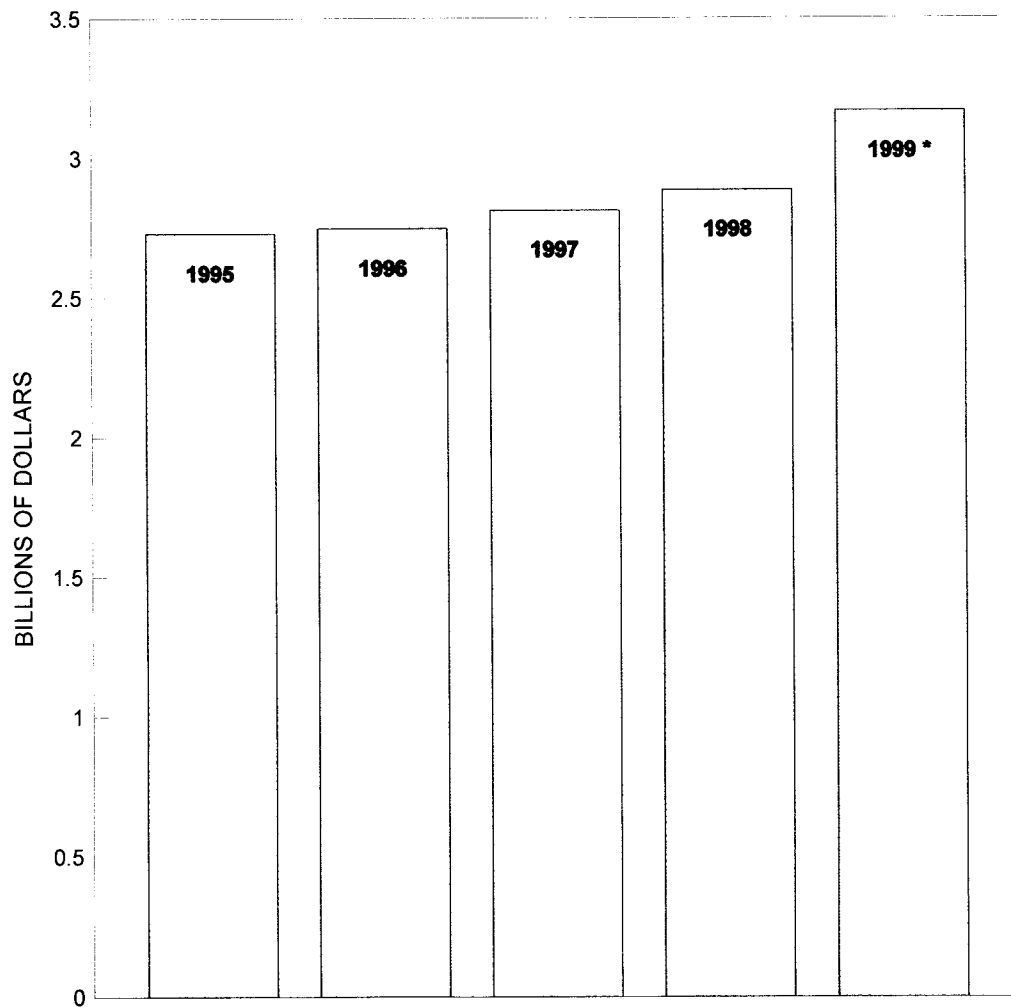


□ Major Programs 27 ■ Other Programs 223

STATE OF MISSISSIPPI

Total Federal Financial Assistance

Last Five Fiscal Years



* Loan balances totaling \$180,490,052 were included in the 1999 amounts, but were not included in any previous year. These loan balances included \$9,336,530 for CFDA # 14.228 - Community Development Block Grants/State's Programs, \$158,399,148 for CFDA # 66.458 - Capitalization Grants for State Revolving Funds and \$12,754,374 for CFDA # 66.468 - Capitalization Grants for Drinking Water State Revolving Fund.

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STATE OF MISSISSIPPI

SINGLE AUDIT REPORT

For the Year Ended June 30, 1999

TABLE OF CONTENTS

	<u>Page</u>
I. AUDIT REPORTING:	
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	5
Schedule of Expenditures of Federal Awards by Federal Department	9
Schedule of Expenditures of Federal Awards by State Grantee Agency	21
Notes to the Schedules of Expenditures of Federal Awards	35
Schedule of Findings and Questioned Costs:	
Part 1 - Summary of Auditor's Results	43
Part 2 - Financial Statement Findings	47
Part 3 - Federal Award Findings and Questioned Costs	51
II. SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS:	
Instructions to Management	99
Index Listed by Finding Number	101

STATE OF MISSISSIPPI
Table of Contents (concluded)

	<u>Page</u>
Index Listed by State Grantee Agency	103
Summary Schedules of Prior Federal Audit Findings (Categorized by State Grantee Agency)	105
 III. MANAGEMENT RESPONSES AND CORRECTIVE ACTION PLANS:	
Instructions to Management	127
Management Responses and Corrective Action Plans (Categorized by State Agency)	129
 IV. INDICES:	
Index of Federal Award Findings and Questioned Costs Listed by Federal Department	165
Index of Findings and Recommendations Listed by State Agency	167
Index of Findings and Recommendations Listed by Finding Number	169
Index of Management Responses and Corrective Action Plans Listed by State Agency	171
 V. ACKNOWLEDGMENTS	 173

I. AUDIT REPORTING





State of Mississippi

OFFICE OF THE STATE AUDITOR

PHIL BRYANT
AUDITOR

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Governor, Members of the Legislature
and Citizens of the State of Mississippi

We have audited the general purpose financial statements of the State of Mississippi as of and for the year ended June 30, 1999, and have issued our report thereon dated December 20, 1999. Except for university funds, we did not audit the financial statements of the component units of the state. We also did not audit the financial statements of the pension trust funds and the related schedule of funding progress and of certain expendable trust and enterprise funds. These financial statements represent 100% of the plan net assets and changes in plan net assets of the pension trust funds; 44% and 36% of the assets and revenues, respectively, of the expendable trust funds; and 44% and 59% of the assets and revenues, respectively, of the enterprise funds. We also did not audit certain accounts within the General Fund. These certain accounts represent 5% and less than 1% of the assets and revenues, respectively, of the General Fund. These financial statements and accounts were audited by other auditors whose reports have been furnished to us. This report, insofar as it relates to the amounts included for the component units other than university funds, pension trust funds, these expendable trust and enterprise funds, and these certain accounts of the General Fund, is based solely upon the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the State of Mississippi's general purpose financial statements are free of material misstatement, we and other auditors performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

Report on Compliance and on Internal Control over
Financial Reporting Based on an Audit of Financial
Statements Performed in Accordance with
Government Auditing Standards
Page 2

Except for university funds, we did not perform tests of compliance with laws, regulations, contracts and grants for the component units of the state. We also did not perform such tests of compliance for the pension trust funds, certain expendable trust and enterprise funds, and certain accounts of the General Fund. Those tests were performed by other auditors, whose reports on compliance with laws and regulations in accordance with *Government Auditing Standards* were furnished to us, and this report, insofar as it relates to the component units other than university funds, pension trust funds, certain expendable trust and enterprise funds, and certain accounts of the General Fund, was based solely on the reports of the other auditors.

The results of our tests and the reports of other auditors disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we and the other auditors noted certain immaterial instances of noncompliance, which we have reported to management of the State of Mississippi in separate communications.

Internal Control over Financial Reporting

In planning and performing our audit, we and other auditors considered the State of Mississippi's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. The reports of the other auditors on internal controls in accordance with *Government Auditing Standards* were furnished to us, and our consideration of internal controls, insofar as it relates to component units other than university funds, pension trust funds, certain expendable trust and enterprise funds, and certain accounts of the General Fund, was based solely on the reports of the other auditors. However, this report does not include reportable conditions, if any, for the university funds which will be presented in a separate report issued by the Office of the State Auditor.

We noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the State of Mississippi's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable condition we noted is described on page 49 of the accompanying "Schedule of Findings and Questioned Costs: Part 2 - Financial Statement Findings."

Report on Compliance and on Internal Control over
Financial Reporting Based on an Audit of Financial
Statements Performed in Accordance with
Government Auditing Standards
Page 3

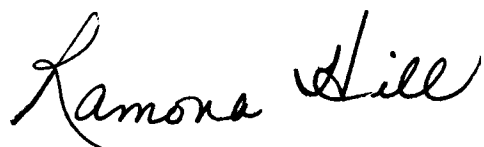
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting, based on our audit and the reports of the other auditors, would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described in this letter is not a material weakness.

We and the other auditors also noted other matters involving the internal control over financial reporting, which we have reported to management of the State of Mississippi in separate communications.

This report is intended solely for the information and use of management, the Governor, Members of the Legislature, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



PHIL BRYANT
State Auditor



RAMONA HILL, CPA
Director, Financial and Compliance
Audit Division

Jackson, Mississippi
December 20, 1999

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State of Mississippi

OFFICE OF THE STATE AUDITOR

PHIL BRYANT
AUDITOR

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Governor, Members of Legislature
and Citizens of the State of Mississippi

Compliance

We have audited the compliance of the State of Mississippi with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 1999. The State of Mississippi's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the State of Mississippi's management. Our responsibility is to express an opinion on the State of Mississippi's compliance based on our audit.

Except as discussed in the following two paragraphs, we conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State of Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the State of Mississippi's compliance with those requirements.

The scope of this audit did not include testing transactions and records from the major federal programs of the public universities of Mississippi. The audit of these federal programs will be conducted in accordance with the provisions of OMB Circular A-133, and a separate report will be issued.

Report on Compliance with Requirements
Applicable to Each Major Program and on
Internal Control over Compliance in
Accordance with OMB Circular A-133
Page 2

As described in item 99-17 (page 75) in the accompanying "Schedule of Findings and Questioned Costs: Part 3 - Federal Award Findings and Questioned Costs," the State of Mississippi did not comply with requirements regarding the period of availability of federal funds that are applicable to its Foster Care - Title IV-E program. Compliance with such requirements is necessary, in our opinion, for the State of Mississippi to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the State of Mississippi complied, in all material respects, with the requirements referred to above that are applicable to each of its other major federal programs for the year ended June 30, 1999. We did not test the transactions and records of the major federal programs administered by the state's public universities for compliance with any requirements referred to above to determine the effects of such noncompliance, if any.

The results of our auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying "Schedule of Findings and Questioned Costs: Part 3 - Federal Award Findings and Questioned Costs" as items 99-14 (page 89) and 99-16 (page 92).

In addition, we noted certain other immaterial instances of noncompliance, which we have reported to management of the State of Mississippi in separate communications.

Internal Control over Compliance

The management of the State of Mississippi is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the State of Mississippi's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133, excluding the federal programs of the state's public universities as discussed in the third paragraph of this report.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgement, could adversely affect the State of Mississippi's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described on pages 51 through 98 of the accompanying "Schedule of Findings and Questioned Costs: Part 3 - Federal Award Findings and Questioned Costs."

Report on Compliance with Requirements
Applicable to Each Major Program and on
Internal Control over Compliance in
Accordance with OMB Circular A-133
Page 3

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 99-01 (pages 53 and 73) and 99-17 (page 75) to be material weaknesses.

We also noted other matters involving internal control over compliance and its operation, which we have reported to management of the State of Mississippi in separate communications.

Schedule of Expenditures of Federal Awards

We have audited the general purpose financial statements of the State of Mississippi as of and for the year ended June 30, 1999, and have issued our report thereon dated December 20, 1999. Except for university funds, we did not audit the financial statements of the component units of the state. We did not audit the financial statements of the pension trust funds and the related schedule of funding progress and of certain expendable trust and enterprise funds. Those financial statements, which represent 100% of the plan net assets and changes in plan net assets of the pension trust funds; 44% and 36% of the assets and revenues, respectively, of the expendable trust funds; and 44% and 59% of the assets and revenues, respectively, of the enterprise funds. We also did not audit certain accounts within the General Fund. These certain accounts represent 5% and less than 1% of the assets and revenues, respectively, of the General Fund. These financial statements and accounts were audited by other auditors whose reports have been furnished to us. Our opinion, insofar as it relates to the amounts included for the component units other than university funds, pension trust funds, these expendable trust and enterprise funds, and these certain accounts of the General Fund, is based solely upon the reports of the other auditors.

The State of Mississippi has excluded federal programs administered by public universities from the accompanying schedules of expenditures of federal awards, as more fully described in Note 2 to the schedules. The state's public universities will be audited in accordance with statutory requirements and the provisions of OMB Circular A-133, and a separate report will be issued.

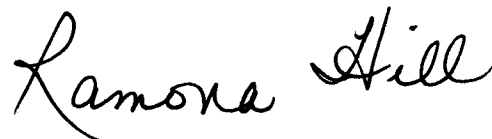
Report on Compliance with Requirements
Applicable to Each Major Program and on
Internal Control over Compliance in
Accordance with OMB Circular A-133
Page 4

Our audit and the audits of the other auditors were performed for the purpose of forming an opinion on the general purpose financial statements of the State of Mississippi and on certain component units, pension trust funds, certain expendable trust and enterprise funds, and certain accounts within the general fund, respectively, taken as a whole. The accompanying Schedule of Expenditures of Federal Awards by Federal Department and the Schedule of Expenditures of Federal Awards by State Grantee Agency are presented for purposes of additional analysis as required by OMB Circular A-133 and are not a required part of the general purpose financial statements. The information in the schedules of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the general purpose financial statements. In our opinion, based upon our audit and the audit reports of the other auditors, except for the effect of the omission described in the preceding paragraph, the information in the schedules of expenditures of federal awards is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

This report is intended solely for the information and use of management, the Governor, Members of the Legislature, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



PHIL BRYANT
State Auditor



RAMONA HILL, CPA
Director, Financial and Compliance
Audit Division

Jackson, Mississippi
January 18, 2000, except for the Schedule of Expenditures of Federal Awards,
as to which the date is December 20, 1999.

Schedule of Expenditures of Federal Awards by Federal Department



STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 1999

CFDA Number	Federal Department/Program Name	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
OFFICE OF NATIONAL DRUG CONTROL POLICY			
07. UN	High Intensity Drug Trafficking Area	Public Safety /Narcotics	\$ 702,575
TOTAL OFFICE OF NATIONAL DRUG CONTROL POLICY			702,575
U.S. DEPARTMENT OF AGRICULTURE			
10. 025	Plant and Animal Disease, Pest Control, and Animal Care	Plant Industry /Animal Health	389,680
10. 064	Forestry Incentives Program	Forestry Commission	920,323
10. 163	Market Protection and Promotion	Plant Industry	37,837
10. 475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	Agriculture and Commerce	1,188,302
10. 550Ñ	Food Distribution	Education	10,838,875
10. 557	Special Supplemental Nutrition Program for Women, Infants, and Children	Health	50,801,701
10. 558	Child and Adult Care Food Program	Education	21,041,612
10. 560	State Administrative Expenses for Child Nutrition	Education	1,884,898
10. 564	Nutrition Education and Training Program	Education	84,215
10. 570	Nutrition Program for the Elderly (Commodities)	Human Services	1,480,290
10. 572	WIC Farmers' Market Nutrition Program (FMNP)	Agriculture and Commerce	29,436
10. 664	Cooperative Forestry Assistance	Forestry Commission	2,284,509
10. 950	Agricultural Statistics Reports	Agriculture and Commerce	99,056
SUBTOTAL			91,080,734
Food Stamp Cluster			
10. 551Ñ	Food Stamps	Human Services	234,883,384
10. 561	State Administrative Matching Grants for Food Stamp Program	Human Services	26,837,100
Total Food Stamp Cluster			261,720,484
Child Nutrition Cluster			
10. 553	School Breakfast Program	Education	29,206,736
10. 555	National School Lunch Program	Education	95,474,032
10. 556	Special Milk Program for Children	Education	10,708
10. 559	Summer Food Service Program for Children	Education	3,265,705
Total Child Nutrition Cluster			127,957,181
Emergency Food Assistance Cluster			
10. 568	Emergency Food Assistance Program (Administrative Costs)	Human Services	807,454
10. 569Ñ	Emergency Food Assistance Program (Food Commodities)	Human Services	4,007,492
Total Emergency Food Assistance Cluster			4,814,946
TOTAL U.S. DEPARTMENT OF AGRICULTURE			485,573,345

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 1999

CFDA Number	Federal Department/Program Name	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
U.S. DEPARTMENT OF COMMERCE			
11. 407	Interjurisdictional Fisheries Act of 1986	Marine Resources	68,060
11. 419	Coastal Zone Management Administration Awards	Marine Resources	419,452
11. 420	Coastal Zone Management Estuarine Research Reserves	Marine Resources	40,745
11. 434	Cooperative Fishery Statistics	Marine Resources	74,922
11. 452	Unallied Industry Projects	Marine Resources	206,912
11. 552	Telecommunications and Information Infrastructure Assistance Program	Education	154,899
11. 800	Minority Business Development Centers	Economic and Community Development	162,032
TOTAL U.S. DEPARTMENT OF COMMERCE			1,127,022
U.S. DEPARTMENT OF DEFENSE			
12. AAC	National Guard Operation and Maintenance	Military Department	21,542,601
12. AAD	National Guard Special Military Operations and Projects	Military Department	2,875,581
12. AAF	National Guard Civilian Youth Opportunities Pilot Program	Military Department	1,846,894
12. AAG	Drug Interdiction and Counter Drug Activities	Military Department	138,946
12. UN N	Transfer of Excess Personal Property for Counter-Drug Activities	Finance and Administration	2,085,214
12. UN1	Teacher and Teacher's Aide Placement Assistance Program	Education	150,959
12. UN2	Wildlife Mitigation Projects (Passed-through from the U.S. Army Corps of Engineers. Identifying number assigned by the pass-through entity - DACW01391543S, DACW01391500S, DACW01392411S, DACW01392410S and DACW3891H007S)	Wildlife, Fisheries and Parks	845,279
12. UN3	Equipment Concentration Site	Military Department	45,496 -
12. 113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	Environmental Quality	96,008
12. 400	Military Construction, National Guard	Military Department	1,963,027
TOTAL U.S. DEPARTMENT OF DEFENSE			31,499,013
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
14. 169	Housing Counseling Assistance Program	Human Services	1,816
14. 227	Community Development Block Grants/Special Purpose Grants/Technical Assistance Program	Economic and Community Development	459,746
14. 228ñ	Community Development Block Grants/State's Program	Economic and Community Development	45,649,518
14. 231	Emergency Shelter Grants Program	Economic and Community Development	1,519,372
14. 239	HOME Investment Partnerships Program	Economic and Community Development	11,412,945
14. 241	Housing Opportunities for Persons with AIDS	Health	19,929
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			59,063,326
U.S. DEPARTMENT OF THE INTERIOR			
15. 250	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	Environmental Quality	134,400
15. 612	Endangered Species Conservation	Wildlife, Fisheries and Parks	45,632
15. 614	Coastal Wetlands Planning, Protection and Restoration Act	Marine Resources	77,897

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 1999

CFDA Number	Federal Department/Program Name	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
15. 616	Clean Vessel Act	Marine Resources	73,246
15. 808	U.S. Geological Survey-Research and Data Acquisition	Environmental Quality	82,517
15. 904	Historic Preservation Fund Grants-In-Aid	Archives and History	479,318
SUBTOTAL			893,010
Fish and Wildlife Cluster			
15. 605	Sport Fish Restoration	Marine Resources	3,393,033
		/Wildlife, Fisheries and Parks	
15. 611	Wildlife Restoration	Wildlife, Fisheries and Parks	3,107,434
Total Fish and Wildlife Cluster			6,500,467
TOTAL U.S. DEPARTMENT OF THE INTERIOR			7,393,477
U.S. DEPARTMENT OF JUSTICE			
16. UN	Domestic Cannabis Eradication/Suppression Program	Narcotics	215,343
16. 540	Juvenile Justice and Delinquency Prevention-Allocation to States	Public Safety	568,594
16. 554	National Criminal History Improvement Program (NCHIP)	Public Safety	845,605
16. 560	Justice Research, Development, and Evaluation Project Grants	Public Safety	15,601
16. 575	Crime Victim Assistance	Public Safety	2,244,348
16. 576	Crime Victim Compensation	Finance and Administration	119,250
16. 579	Byrne Formula Grant Program	Public Safety	4,844,760
16. 586	Violent Offender Incarceration and Truth in Sentencing Incentive Grants	Corrections	12,245,548
16. 588	Violence Against Women Formula Grants	Public Safety	1,200,443
16. 589	Rural Domestic Violence and Child Victimization Enforcement Grant Program	Public Safety	159,526
16. 592	Local Law Enforcement Block Grants Program	Public Safety	496,288
16. 593	Residential Substance Abuse Treatment for State Prisoners	Public Safety	259,355
16. 598	State Identification Systems Grant Program	Public Safety	88,599
TOTAL U.S. DEPARTMENT OF JUSTICE			23,303,260
U.S. DEPARTMENT OF LABOR			
17. UN	State Occupational Information Coordinating Committee(SOICC)	Economic and Community Development	108,858
17. UN2	Job Corps	Employment Security	932,739
17. 002	Labor Force Statistics	Employment Security	712,255
17. 005	Compensation and Working Conditions Data	Health	13,681
17. 203	Labor Certification for Alien Workers	Employment Security	51,225
17. 225è	Unemployment Insurance	Employment Security	136,964,116
17. 235	Senior Community Service Employment Program	Human Services	963,796
17. 245	Trade Adjustment Assistance-Workers	Employment Security	320,272
17. 249	Employment Services and Job Training-Pilot and Demonstration Programs	Education	123,367
17. 504	Consultation Agreements	Health	17,602
17. 600	Mine Health and Safety Grants	Environmental Quality	13,079
SUBTOTAL			140,220,990

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 1999

CFDA Number	Federal Department/Program Name	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
17. 207	Employment Services Cluster Employment Service	Economic and Community Development	7,395,244
17. 801	Disabled Veterans' Outreach Program (DVOP)	/Employment Security	584,681
17. 804	Local Veterans' Employment Representative Program	Employment Security	1,082,072
	Total Employment Services Cluster		9,061,997
	JTPA Cluster		
17. 246	Employment and Training Assistance-Dislocated Workers	Economic and Community Development	10,905,979
17. 250	Job Training Partnership Act	Economic and Community Development	24,760,425
	Total JTPA Cluster		35,666,404
	TOTAL U.S. DEPARTMENT OF LABOR		184,949,391
	U.S. DEPARTMENT OF TRANSPORTATION		
20. UN1	Fatal Analysis Reporting System	Public Safety	52,122
20. UN2	Roadside Fuel Sampling	Agriculture and Commerce	3,727
20. 005	Boating Safety Financial Assistance	Wildlife, Fisheries and Parks	1,174,314
20. 106	Airport Improvement Program	Transportation	734,654
20. 205	Highway Planning and Construction	Transportation	220,148,065
20. 218	National Motor Carrier Safety	Public Service Commission	1,024,394
20. 219	Recreational Trails Program	Wildlife, Fisheries and Parks	58,677
20. 308	Local Rail Freight Assistance	Transportation	9,456
20. 505	Federal Transit-Metropolitan Planning Grants	Transportation	162,488
20. 509	Formula Grants for Other Than Urbanized Areas	Transportation	2,685,671
20. 513	Capital Assistance Program for Elderly Persons and Persons with Disabilities	Transportation	631,084
20. 700	Pipeline Safety	Public Service Commission	142,016
20. 703	Interagency Hazardous Materials Public Sector Training and Planning Grants	Emergency Management	36,905
	SUBTOTAL		226,863,573
	Federal Transit Cluster		
20. 500	Federal Transit-Capital Investment Grants	Transportation	212,706
	Total Federal Transit Cluster		212,706
	Highway Safety Cluster		
20. 600	State and Community Highway Safety	Public Safety	1,523,985
20. 601	Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	Public Safety	373,079
	Total Highway Safety Cluster		1,897,064
	TOTAL U.S. DEPARTMENT OF TRANSPORTATION		228,973,343

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 1999

CFDA Number	Federal Department/Program Name	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
<u>APPALACHIAN REGIONAL COMMISSION</u>			
23. 002	Appalachian Area Development	Education	803,038
23. 011	Appalachian State Research, Technical Assistance, and Demonstration Projects	Economic and Community Development	164,689
TOTAL APPALACHIAN REGIONAL COMMISSION			967,727
<u>GENERAL SERVICES ADMINISTRATION</u>			
39. 003N	Donation of Federal Surplus Personal Property	Finance and Administration	5,571,532
TOTAL GENERAL SERVICES ADMINISTRATION			5,571,532
<u>NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES</u>			
45. UN	Library Services Construction Grants	Library Commission	207,924
45. 024	Promotion of the Arts-Grants to Organizations and Individuals	Arts Commission	55,914
45. 025	Promotion of the Arts-Partnership Agreements	Arts Commission	565,305
45. 026	Promotion of the Arts-Leadership Initiatives	Arts Commission	50,073
TOTAL NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES			879,216
<u>TENNESSEE VALLEY AUTHORITY</u>			
62. UN	Low-Income Pilot Program	Human Services	243
62. UN1	Industrial Development	Yellow Creek Inland Port Authority	2,347,627
TOTAL TENNESSEE VALLEY AUTHORITY			2,347,384
<u>U.S. DEPARTMENT OF VETERANS AFFAIRS</u>			
64. 124	All-Volunteer Force Educational Assistance	Veterans Affairs Board	121,847
TOTAL U.S. DEPARTMENT OF VETERANS AFFAIRS			121,847
<u>ENVIRONMENTAL PROTECTION AGENCY</u>			
66. 032	State Indoor Radon Grants	Health	32,491
66. 419	Water Pollution Control-State and Interstate Program Support	Environmental Quality	43,693
66. 432	State Public Water System Supervision	Health	1,245,912
66. 433	State Underground Water Source Protection	Environmental Quality	58,895
66. 454	Water Quality Management Planning	Environmental Quality	128,412
66. 458N	Capitalization Grants for State Revolving Funds	Environmental Quality	168,520,200
66. 460	Nonpoint Source Implementation Grants	Environmental Quality	1,215,438

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 1999

CFDA Number	Federal Department/Program Name	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
66. 461	Wetlands Protection-Development Grants	Marine Resources	47,909
66. 463	National Pollutant Discharge Elimination System Related State Program Grants	Environmental Quality	73,443
66. 467	Wastewater Operator Training Grant Program (Technical Assistance)	Environmental Quality	40,484
66. 468ñ	Capitalization Grants for Drinking Water State Revolving Fund	Health	19,610,443
66. 470	Hardship Grants Program for Rural Communities	Environmental Quality	157,949
66. 605	Performance Partnership Grants	Environmental Quality	2,961,093
66. 606	Surveys, Studies, Investigations and Special Purpose Grants	Environmental Quality	343,157
66. 608	One Stop Reporting	Environmental Quality	83,080
66. 700	Consolidated Pesticide Enforcement Cooperative Agreements	Plant Industry	521,187
66. 701	Toxic Substances Compliance Monitoring Cooperative Agreements	Environmental Quality	76,191
66. 707	TSCA Title IV State Lead Grants-Certification of Lead-Based Paint Professionals	Environmental Quality	342,047
66. 708	Pollution Prevention Grants Program	Environmental Quality	60,000
66. 802	Superfund State Site-Specific Cooperative Agreements	Environmental Quality	85,508
66. 804	State Underground Storage Tanks Program	Environmental Quality	180,455
66. 805	Leaking Underground Storage Tank Trust Fund Program	Environmental Quality	1,125,061
66. 808	Solid Waste Management Assistance	Environmental Quality	20,466
66. 809	Superfund State Core Program Cooperative Agreements	Environmental Quality	883,248
66. 810	CEPP Technical Assistance Grants Program	Environmental Quality	2,596
TOTAL ENVIRONMENTAL PROTECTION AGENCY			197,859,358
U.S. DEPARTMENT OF ENERGY			
81. UN	Other Federal Assistance	Treasury	1,200,856
81. UN3	Building Technology Special Projects	/Environmental Quality	
81. UN4	Rebuild America Special Projects	Economic and Community Development	62,667
81. UN5	Energy Industrial Park	Economic and Community Development	52,192
81. 041	State Energy Program	Economic and Community Development	7,129
		Treasury	1,044,862
81. 042	Weatherization Assistance for Low-Income Persons	/Economic and Community Development	
		Treasury	1,371,683
		/Human Services	
81. 089	Fossil Energy Research and Development	Environmental Quality	64,691
81. 106	Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions (Passed-through from the Southern States Energy Board. Identifying number assigned by the pass-through entity - SSEB-WIPP-MS-98-01 and SSEB-WIPP-MS-99-01)	Emergency Management	115,069
TOTAL U.S. DEPARTMENT OF ENERGY			3,919,149
FEDERAL EMERGENCY MANAGEMENT AGENCY			
83. 008	Community-Based Anti-Arson Program	Emergency Management	1,250
83. 011	Hazardous Materials Training Program for Implementation of the Superfund Amendment and Reauthorization Act (SARA) of 1986	Emergency Management	38,636
83. 105	Community Assistance Program-State Support Services Element (CAP-SSSE)	Emergency Management	46,968

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 1999

CFDA Number	Federal Department/Program Name	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
83. 505	State Disaster Preparedness Grants	Emergency Management	51,789
83. 534	Emergency Management-State and Local Assistance	Emergency Management	1,596,135
83. 535	Mitigation Assistance	Emergency Management	243,712
83. 539	Crisis Counseling	Emergency Management	65,181
83. 541	Disaster Unemployment Assistance	Employment Security	159,912
83. 543	Individual and Family Grants	Emergency Management	8,990,968
83. 544	Public Assistance Grants	Emergency Management	14,043,086
83. 545	Disaster Housing Program	Emergency Management	127,313
83. 547	First Responder Counter-Terrorism Training Assistance	Emergency Management	11,956
83. 548	Hazard Mitigation Grant	Emergency Management	555,353
83. 550	National Dam Safety Program	Environmental Quality	25,780
83. 551	Project Impact-Building Disaster Resistant Communities	Emergency Management	5,078
TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY			25,963,117
U.S. DEPARTMENT OF EDUCATION			
84. UN	Appalachian Regional Facilities	Education	39,939
84. 002	Adult Education-State Grant Program	Bd for Community and Junior Colleges	4,783,974
84. 010	Title I Grants to Local Educational Agencies	Education	128,395,074
84. 011	Migrant Education-Basic State Grant Program	Education	1,252,061
84. 013	Title I Program for Neglected and Delinquent Children	Education	296,842
84. 029	Special Education - Personnel Development and Parent Training	Education	306,344
84. 034	Public Library Services	Library Commission	995,842
84. 044	TRIO-Talent Search	Education	260,612
84. 048	Vocational Education-Basic Grants to States	Education	14,058,212
84. 126	Rehabilitation Services-Vocational Rehabilitation Grants to States	Rehabilitation Services	31,006,439
84. 141	Migrant Education-High School Equivalency Program	Health	3,331,058
84. 154	Public Library Construction and Technology Enhancement	Library Commission	142,959
84. 158	Secondary Education and Transitional Services for Youth with Disabilities	Education	401,447
84. 169	Independent Living-State Grants	Rehabilitation Services	288,126
84. 177	Rehabilitation Services-Independent Living Services for Older Individuals Who are Blind	Rehabilitation Services	209,083
84. 181	Special Education-Grants for Infants and Families with Disabilities	Health	818,695
84. 185	Byrd Honors Scholarships	Education	445,072
84. 186	Safe and Drug-Free Schools and Communities-State Grants	Public Safety /Education	8,078,784
84. 187	Supported Employment Services for Individuals with Severe Disabilities	Rehabilitation Services	407,480
84. 194	Bilingual Education Support Services	Education	75,955
84. 196	Education for Homeless Children and Youth	Education	387,007
84. 203	Star Schools	Educational Television	322,961
84. 213	Even Start-State Educational Agencies	Education	1,902,395
84. 216	Capital Expenses	Education	110,840
84. 218	State School Improvement Grants	Education	4,110
84. 224	Assistive Technology	Rehabilitation Services	411,610
84. 235	Rehabilitation Services Demonstration and Training-Special Demonstration Programs	Rehabilitation Services	316,824
84. 243	Tech-Prep Education	Education	1,448,374
84. 265	Rehabilitation Training-State Vocational Rehabilitation Unit In-Service Training	Rehabilitation Services	116,613
84. 276	Goals 2000-State and Local Education Systemic Improvement	Education	6,464,721

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 1999

CFDA Number	Federal Department/Program Name	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
	Grants		
84. 281	Eisenhower Professional Development State Grants	Education	3,441,757
84. 298	Innovative Education Program Strategies	Education	3,597,937
84. 303	Technology Innovation Challenge Grants	Educational Television	132,440
84. 318	Technology Literacy Challenge Fund Grants	Education	6,089,868
84. 331	Grants to States for Incarcerated Youth Offenders	Education	151,250
84. 332	Comprehensive School Reform Demonstration	Education	925,367
	SUBTOTAL		221,418,072
	Special Education Cluster		
84. 027	Special Education-Grants to States	Education	36,981,655
84. 173	Special Education-Preschool Grants	Education	3,875,511
	Total Special Education Cluster		40,857,166
	TOTAL U.S. DEPARTMENT OF EDUCATION		262,275,238
	NATIONAL ARCHIVES AND RECORDS ADMINISTRATION		
89. 003	National Historical Publications and Records Grants	Archives and History	90,775
	TOTAL NATIONAL ARCHIVES AND RECORDS ADMINISTRATION		90,775
	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
93. UN1	State Demand and Needs Assessment Studies: Alcohol and Other Drugs	Mental Health	32,015
93. UN2	Implementation of Uniform Alcohol and Drug Abuse Data Collection Systems	Mental Health	50,197
93. 041	Special Programs for the Aging-Title VII, Chapter 3-Programs for Prevention of Elder Abuse, Neglect, and Exploitation	Human Services	52,045
93. 042	Special Programs for the Aging-Title VII, Chapter 2-Long Term Care Ombudsman Services for Older Individuals	Human Services	35,027
93. 043	Special Programs for the Aging-Title III, Part F-Disease Prevention and Health Promotion Services	Human Services	177,358
93. 046	Special Programs for the Aging-Title III, Part D-In-Home Services for Frail Older Individuals	Human Services	55,141
93. 048	Special Programs for the Aging-Title IV-Training, Research and Discretionary Projects and Programs	Human Services	25,391
93. 050	Special Programs for the Aging-TitleII - Preconference Programs for the White House Conference on Aging	Human Services	88
93. 110	Maternal and Child Health Federal Consolidated Programs	Health	310,078
93. 116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	Health	896,243
93. 125	Mental Health Planning and Demonstration Projects	Mental Health	20,073
93. 127	Emergency Medical Services for Children	Health	56,927
93. 130	Primary Care Services-Resource Coordination and Development Primary Care Offices	Health	236,321
93. 136	Injury Prevention and Control Research and State and Community Based Programs	Health	82,054
93. 150	Projects for Assistance in Transition from Homelessness	Mental Health	156,161

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 1999

CFDA Number	Federal Department/Program Name (PATH)	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
93. 161	Health Program for Toxic Substances and Disease Registry	Health	113,373
93. 217	Family Planning-Services	Health	3,904,741
93. 234	Traumatic Brain Injury	Rehabilitation Services	32,814
93. 235	Abstinence Education	Health	462,520
93. 268N	Immunization Grants	Health	8,259,654
93. 283	Centers for Disease Control and Prevention-Investigations and Technical Assistance	Health	581,294
93. 556	Family Preservation and Support Services	Human Services	3,468,095
93. 558	Temporary Assistance for Needy Families	Human Services	28,607,163
93. 563	Child Support Enforcement	Human Services	17,144,076
93. 566	Refugee and Entrant Assistance-State Administered Programs	Human Services	909,689
93. 568	Low-Income Home Energy Assistance	Human Services	10,037,407
93. 569	Community Services Block Grant	Human Services	8,472,235
93. 571	Community Services Block Grant Discretionary Awards-Community Food and Nutrition	Human Services	2,226 -
93. 574	Child Care for Families At-Risk of Welfare Dependency	Human Services	15,415 -
93. 585	Empowerment Zones Program	Economic and Community Development	1,568,900
93. 586	State Court Improvement Program	Supreme Court	200,833
93. 597	Grants to States for Access and Visitation Programs	Human Services	202,705
93. 600	Head Start	Human Services	68,198
93. 630	Developmental Disabilities Basic Support and Advocacy Grants	Mental Health	735,449
93. 643	Children's Justice Grants to States	Human Services	169,260
93. 645	Child Welfare Services-State Grants	Human Services	4,684,872
93. 652	Adoption Opportunities	Human Services	52,532
93. 658	Foster Care-Title IV-E	Human Services	14,910,962
93. 659	Adoption Assistance	Human Services	1,198,678
93. 667	Social Services Block Grant	Human Services	21,083,385
93. 669	Child Abuse and Neglect State Grants	Human Services	349,372
93. 671	Family Violence Prevention and Services/Grants for Battered Women's Shelters-Grants to States and Indian Tribes	Health	559,570
93. 673	Grants to States for Planning and Development of Dependent Care Programs	Human Services	406 -
93. 674	Independent Living	Human Services	300,895
93. 767	State Children's Insurance Program	Medicaid	5,042,025
93. 779	Health Care Financing Research, Demonstrations and Evaluations	Medicaid /Human Services	401,950
93. 913	Grants to States for Operation of Offices of Rural Health	Health	20,813
93. 917	HIV Care Formula Grants	Health	3,016,519
93. 919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	Health	146,876
93. 938	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	Education	126,853
93. 940	HIV Prevention Activities-Health Department Based	Health	1,699,978
93. 944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	Health	250,293
93. 945	Assistance Program for Chronic Disease Prevention and Control	Health	30,941
93. 958	Block Grants for Community Mental Health Services	Mental Health	2,252,162
93. 959	Block Grants for Prevention and Treatment of Substance Abuse	Mental Health	12,136,591
93. 977N	Preventive Health Services-Sexually Transmitted Diseases Control Grants	Health	1,505,867
93. 988	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	Health	183,211
93. 991	Preventive Health and Health Services Block Grant	Health	2,462,678
93. 994	Maternal and Child Health Services Block Grant to the States	Health	10,101,526

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 1999

<u>CFDA Number</u>	<u>Federal Department/Program Name</u>	<u>State Grantee Agency</u>	<u>Federal Expenditures/ Distributions/ Issuances</u>
	SUBTOTAL		<u>169,623,851</u>
	Aging Cluster		
93. 044	Special Programs for the Aging-Title III, Part B- Grants for Supportive Services and Senior Centers	Human Services	4,018,258
93. 045	Special Programs for the Aging-Title III, Part C- Nutrition Services	Human Services	4,038,007
	Total Aging Cluster		<u>8,056,265</u>
	Child Care Cluster		
93. 575	Child Care and Development Block Grant	Human Services	17,682,339
93. 596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Human Services	17,636,795
	Total Child Care Cluster		<u>35,319,134</u>
	Medicaid Cluster		
93. 775	State Medicaid Fraud Control Units	Attorney General	830,245
93. 777	State Survey and Certification of Health Care Providers and Suppliers	Health /Medicaid	2,606,498
93. 778	Medical Assistance Program	Medicaid	1,410,067,097
	Total Medicaid Cluster		<u>1,413,503,840</u>
	TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		<u>1,626,503,090</u>
	CORPORATION FOR NATIONAL AND COMMUNITY SERVICE		
94. 004	Learn and Serve America-School and Community Based Programs	Education	492,929
94. 007	Planning and Program Development Grants	Education	27,944
	SUBTOTAL		<u>520,873</u>
	Foster Grandparent/Senior Companion Cluster		
94. 016	Senior Companion Program	Human Services	235,533
	Total Foster Grandparent/Senior Companion Cluster		<u>235,533</u>
	TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE		<u>756,406</u>
	SOCIAL SECURITY ADMINISTRATION		
96. 001	Social Security-Disability Insurance	Rehabilitation Services	20,286,556
	TOTAL SOCIAL SECURITY ADMINISTRATION		<u>20,286,556</u>

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 1999

<u>CFDA Number</u>	<u>Federal Department/Program Name</u>	<u>State Grantee Agency</u>	<u>Federal Expenditures/ Distributions/ Issuances</u>
	TOTAL EXPENDITURES OF FEDERAL AWARDS		\$ <u>3,170,126,147</u>

EXPLANATION OF FOOTNOTE REFERENCE:

Program number with UN denotes unknown CFDA numbers.

ñ Denotes federal programs with outstanding loan balances.

è The total expenditures for CFDA No. 17.225 includes state expenditures of \$110,621,282 and federal expenditures of \$26,342,834.

Ñ Denotes federal programs with noncash benefits.

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See accompanying Notes to the Schedules of Expenditures of Federal Awards

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**Schedule of Expenditures of Federal Awards
by State Grantee Agency**



STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 1999

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
<u>AGRICULTURE AND COMMERCE</u>		
	U.S. Department of Agriculture	
10. 475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	\$ 1,188,302
10. 572	WIC Farmers' Market Nutrition Program (FMNP)	29,436
10. 950	Agricultural Statistics Reports	<u>99,056</u>
	Total U.S. Department of Agriculture	<u>1,316,794</u>
	U.S. Department of Transportation	
20. UN2	Roadside Fuel Sampling	<u>3,727</u>
	TOTAL AGRICULTURE AND COMMERCE	<u>1,320,521</u>
<u>ANIMAL HEALTH</u>		
	U.S. Department of Agriculture	
10. 025	Plant and Animal Disease, Pest Control, and Animal Care	<u>278,084</u>
	TOTAL ANIMAL HEALTH	<u>278,084</u>
<u>ARCHIVES AND HISTORY</u>		
	U.S. Department of the Interior	
15. 904	Historic Preservation Fund Grants-In-Aid	<u>479,318</u>
	National Archives and Records Administration	
89. 003	National Historical Publications and Records Grants	<u>90,775</u>
	TOTAL ARCHIVES AND HISTORY	<u>570,093</u>
<u>ARTS COMMISSION</u>		
	National Foundation on the Arts and the Humanities	
45. 024	Promotion of the Arts-Grants to Organizations and Individuals	55,914
45. 025	Promotion of the Arts-Partnership Agreements	565,305
45. 026	Promotion of the Arts-Leadership Initiatives	<u>50,073</u>
	Total National Foundation on the Arts and the Humanities	<u>671,292</u>
	TOTAL ARTS COMMISSION	<u>671,292</u>
<u>ATTORNEY GENERAL</u>		
	U.S. Department of Health and Human Services	
93. 775	State Medicaid Fraud Control Units	830,245

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 1999

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
	TOTAL ATTORNEY GENERAL	830,245
	<u>BD FOR COMMUNITY AND JUNIOR COLLEGES</u>	
84. 002	U.S. Department of Education Adult Education-State Grant Program	4,783,974
	TOTAL BD FOR COMMUNITY AND JUNIOR COLLEGES	4,783,974
	<u>CORRECTIONS</u>	
16. 586	U.S. Department of Justice Violent Offender Incarceration and Truth in Sentencing Incentive Grants	12,245,548
	TOTAL CORRECTIONS	12,245,548
	<u>ECONOMIC AND COMMUNITY DEVELOPMENT</u>	
11. 800	U.S. Department of Commerce Minority Business Development Centers	162,032
14. 227	U.S. Department of Housing and Urban Development Community Development Block Grants/Special Purpose Grants/Technical Assistance Program	459,746
14. 228	Community Development Block Grants/State's Program	45,649,518
14. 231	Emergency Shelter Grants Program	1,519,372
14. 239	HOME Investment Partnerships Program	11,412,945
	Total U.S. Department of Housing and Urban Development	59,041,581
17. UN	U.S. Department of Labor State Occupational Information Coordinating Committee(SOICC)	108,858
17. 207	Employment Service	739,330
17. 246	Employment and Training Assistance-Dislocated Workers	10,905,979
17. 250	Job Training Partnership Act	24,760,425
	Total U.S. Department of Labor	36,514,592
23. 002	Appalachian Regional Commission Appalachian Area Development	742,977
23. 011	Appalachian State Research, Technical Assistance, and Demonstration Projects	164,689
	Total Appalachian Regional Commission	907,666
81. UN3	U.S. Department of Energy Building Technology Special Projects	62,667
81. UN4	Rebuild America Special Projects	52,192

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 1999

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
81. UN5	Energy Industrial Park	7,129
81. 041	State Energy Program	487,960
	Total U.S. Department of Energy	609,948
93. 585	U.S. Department of Health and Human Services Empowerment Zones Program	1,568,900
	TOTAL ECONOMIC AND COMMUNITY DEVELOPMENT	98,804,719
	EDUCATION	
	U.S. Department of Agriculture	
10. 550N	Food Distribution	10,838,875
10. 553	School Breakfast Program	29,206,736
10. 555	National School Lunch Program	95,474,032
10. 556	Special Milk Program for Children	10,708
10. 558	Child and Adult Care Food Program	21,041,612
10. 559	Summer Food Service Program for Children	3,265,705
10. 560	State Administrative Expenses for Child Nutrition	1,884,898
10. 564	Nutrition Education and Training Program	84,215
	Total U.S. Department of Agriculture	161,806,781
	U.S. Department of Commerce	
11. 552	Telecommunications and Information Infrastructure Assistance Program	154,899
	U.S. Department of Defense	
12. UN1	Teacher and Teacher's Aide Placement Assistance Program	150,959
	U.S. Department of Labor	
17. 249	Employment Services and Job Training-Pilot and Demonstration Programs	123,367
	Appalachian Regional Commission	
23. 002	Appalachian Area Development	60,061
	U.S. Department of Education	
84. UN	Appalachian Regional Facilities	39,939
84. 010	Title I Grants to Local Educational Agencies	128,395,074
84. 011	Migrant Education-Basic State Grant Program	1,252,061
84. 013	Title I Program for Neglected and Delinquent Children	296,842
84. 027	Special Education-Grants to States	36,981,655
84. 029	Special Education - Personnel Development and Parent Training	306,344
84. 044	TRIO-Talent Search	260,612
84. 048	Vocational Education-Basic Grants to States	14,058,212
84. 158	Secondary Education and Transitional Services for Youth with Disabilities	401,447
84. 173	Special Education-Preschool Grants	3,875,511
84. 185	Byrd Honors Scholarships	445,072
84. 186	Safe and Drug-Free Schools and Communities-State Grants	6,695,413
84. 194	Bilingual Education Support Services	75,955
84. 196	Education for Homeless Children and Youth	387,007

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 1999

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
84. 213	Even Start-State Educational Agencies	1,902,395
84. 216	Capital Expenses	110,840
84. 218	State School Improvement Grants	4,110
84. 243	Tech-Prep Education	1,448,374
84. 276	Goals 2000-State and Local Education Systemic Improvement Grants	6,464,721
84. 281	Eisenhower Professional Development State Grants	3,441,757
84. 298	Innovative Education Program Strategies	3,597,937
84. 318	Technology Literacy Challenge Fund Grants	6,089,868
84. 331	Grants to States for Incarcerated Youth Offenders	151,250
84. 332	Comprehensive School Reform Demonstration	925,367
	Total U.S. Department of Education	217,607,763
	U.S. Department of Health and Human Services	
93. 938	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	126,853
	Corporation for National and Community Service	
94. 004	Learn and Serve America-School and Community Based Programs	492,929
94. 007	Planning and Program Development Grants	27,944
	Total Corporation for National and Community Service	520,873
	TOTAL EDUCATION	380,551,556
	EDUCATIONAL TELEVISION	
	U.S. Department of Education	
84. 203	Star Schools	322,961
84. 303	Technology Innovation Challenge Grants	132,440
	Total U.S. Department of Education	455,401
	TOTAL EDUCATIONAL TELEVISION	455,401
	EMERGENCY MANAGEMENT	
	U.S. Department of Transportation	
20. 703	Interagency Hazardous Materials Public Sector Training and Planning Grants	36,905
	U.S. Department of Energy	
81. 106	Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions (Passed-through from the Southern States Energy Board. Identifying number assigned by the pass-through entity - SSEB-WIPP-MS-98-01 and SSEB-WIPP-MS-99-01)	115,069
	Federal Emergency Management Agency	
83. 008	Community-Based Anti-Arson Program	1,250

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 1999

CFDA Number	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures/ Distributions/ Issuances</u>
83. 011	Hazardous Materials Training Program for Implementation of the Superfund Amendment and Reauthorization Act (SARA) of 1986	38,636
83. 105	Community Assistance Program-State Support Services Element (CAP-SSSE)	46,968
83. 505	State Disaster Preparedness Grants	51,789
83. 534	Emergency Management-State and Local Assistance	1,596,135
83. 535	Mitigation Assistance	243,712
83. 539	Crisis Counseling	65,181
83. 543	Individual and Family Grants	8,990,968
83. 544	Public Assistance Grants	14,043,086
83. 545	Disaster Housing Program	127,313
83. 547	First Responder Counter-Terrorism Training Assistance	11,956
83. 548	Hazard Mitigation Grant	555,353
83. 551	Project Impact-Building Disaster Resistant Communities	5,078
Total Federal Emergency Management Agency		<u>25,777,425</u>
TOTAL EMERGENCY MANAGEMENT		<u>25,929,399</u>
 <u>EMPLOYMENT SECURITY</u>		
U.S. Department of Labor		
17. UN2	Job Corps	932,739
17. 002	Labor Force Statistics	712,255
17. 203	Labor Certification for Alien Workers	51,225
17. 207	Employment Service	6,655,914
17. 225e	Unemployment Insurance	136,964,116
17. 245	Trade Adjustment Assistance-Workers	320,272
17. 801	Disabled Veterans' Outreach Program (DVOP)	584,681
17. 804	Local Veterans' Employment Representative Program	1,082,072
Total U.S. Department of Labor		<u>147,303,274</u>
Federal Emergency Management Agency		
83. 541	Disaster Unemployment Assistance	159,912
TOTAL EMPLOYMENT SECURITY		<u>147,463,186</u>
 <u>ENVIRONMENTAL QUALITY</u>		
U.S. Department of Defense		
12. 113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	96,008
U.S. Department of the Interior		
15. 250	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	134,400
15. 808	U.S. Geological Survey-Research and Data Acquisition	82,517
Total U.S. Department of the Interior		<u>216,917</u>

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 1999

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
	U.S. Department of Labor	
17. 600	Mine Health and Safety Grants	13,079
	Environmental Protection Agency	
66. 419	Water Pollution Control-State and Interstate Program Support	43,693
66. 433	State Underground Water Source Protection	58,895
66. 454	Water Quality Management Planning	128,412
66. 458ñ	Capitalization Grants for State Revolving Funds	168,520,200
66. 460	Nonpoint Source Implementation Grants	1,215,438
66. 463	National Pollutant Discharge Elimination System Related State Program Grants	73,443
66. 467	Wastewater Operator Training Grant Program (Technical Assistance)	40,484
66. 470	Hardship Grants Program for Rural Communities	157,949
66. 605	Performance Partnership Grants	2,961,093
66. 606	Surveys, Studies, Investigations and Special Purpose Grants	343,157
66. 608	One Stop Reporting	83,080
66. 701	Toxic Substances Compliance Monitoring Cooperative Agreements	76,191
66. 707	TSCA Title IV State Lead Grants-Certification of Lead-Based Paint Professionals	342,047
66. 708	Pollution Prevention Grants Program	60,000
66. 802	Superfund State Site-Specific Cooperative Agreements	85,508
66. 804	State Underground Storage Tanks Program	180,455
66. 805	Leaking Underground Storage Tank Trust Fund Program	1,125,061
66. 808	Solid Waste Management Assistance	20,466
66. 809	Superfund State Core Program Cooperative Agreements	883,248
66. 810	CEPP Technical Assistance Grants Program	2,596
	Total Environmental Protection Agency	176,401,416
	U.S. Department of Energy	
81. UN	Other Federal Assistance	101,987
81. 089	Fossil Energy Research and Development	64,691
	Total U.S. Department of Energy	166,678
	Federal Emergency Management Agency	
83. 550	National Dam Safety Program	25,780
	TOTAL ENVIRONMENTAL QUALITY	176,919,878
	FINANCE AND ADMINISTRATION	
	U.S. Department of Defense	
12. UN Ñ	Transfer of Excess Personal Property for Counter-Drug Activities	2,085,214
	U.S. Department of Justice	
16. 576	Crime Victim Compensation	119,250
	General Services Administration	
39. 003Ñ	Donation of Federal Surplus Personal Property	5,571,532
	TOTAL FINANCE AND ADMINISTRATION	7,775,996

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 1999

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
FORESTRY COMMISSION		
	U.S. Department of Agriculture	
10. 064	Forestry Incentives Program	920,323
10. 664	Cooperative Forestry Assistance	2,284,509
	Total U.S. Department of Agriculture	3,204,832
	TOTAL FORESTRY COMMISSION	3,204,832
HEALTH		
	U.S. Department of Agriculture	
10. 557	Special Supplemental Nutrition Program for Women, Infants, and Children	50,801,701
	U.S. Department of Housing and Urban Development	
14. 241	Housing Opportunities for Persons with AIDS	19,929
	U.S. Department of Labor	
17. 005	Compensation and Working Conditions Data	13,681
17. 504	Consultation Agreements	17,602
	Total U.S. Department of Labor	31,283
	Environmental Protection Agency	
66. 032	State Indoor Radon Grants	32,491
66. 432	State Public Water System Supervision	1,245,912
66. 468ñ	Capitalization Grants for Drinking Water State Revolving Fund	19,610,443
	Total Environmental Protection Agency	20,888,846
	U.S. Department of Education	
84. 141	Migrant Education-High School Equivalency Program	3,331,058
84. 181	Special Education-Grants for Infants and Families with Disabilities	818,695
	Total U.S. Department of Education	4,149,753
	U.S. Department of Health and Human Services	
93. 110	Maternal and Child Health Federal Consolidated Programs	310,078
93. 116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	896,243
93. 127	Emergency Medical Services for Children	56,927
93. 130	Primary Care Services-Resource Coordination and Development Primary Care Offices	236,321
93. 136	Injury Prevention and Control Research and State and Community Based Programs	82,054
93. 161	Health Program for Toxic Substances and Disease Registry	113,373
93. 217	Family Planning-Services	3,904,741
93. 235	Abstinence Education	462,520

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 1999

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
93. 268	Immunization Grants	8,259,654
93. 283	Centers for Disease Control and Prevention-Investigations and Technical Assistance	581,294
93. 671	Family Violence Prevention and Services/Grants for Battered Women's Shelters-Grants to States and Indian Tribes	559,570
93. 777	State Survey and Certification of Health Care Providers and Suppliers	1,454,563
93. 913	Grants to States for Operation of Offices of Rural Health	20,813
93. 917	HIV Care Formula Grants	3,016,519
93. 919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	146,876
93. 940	HIV Prevention Activities-Health Department Based	1,699,978
93. 944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	250,293
93. 945	Assistance Program for Chronic Disease Prevention and Control	30,941
93. 977	Preventive Health Services-Sexually Transmitted Diseases Control Grants	1,505,867
93. 988	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	183,211
93. 991	Preventive Health and Health Services Block Grant	2,462,678
93. 994	Maternal and Child Health Services Block Grant to the States	10,101,526
	Total U.S. Department of Health and Human Services	36,336,040
	TOTAL HEALTH	112,227,552
	HUMAN SERVICES	
	U.S. Department of Agriculture	
10. 551	Food Stamps	234,883,384
10. 561	State Administrative Matching Grants for Food Stamp Program	26,837,100
10. 568	Emergency Food Assistance Program (Administrative Costs)	807,454
10. 569	Emergency Food Assistance Program (Food Commodities)	4,007,492
10. 570	Nutrition Program for the Elderly (Commodities)	1,480,290
	Total U.S. Department of Agriculture	268,015,720
	U.S. Department of Housing and Urban Development	
14. 169	Housing Counseling Assistance Program	1,816
	U.S. Department of Labor	
17. 235	Senior Community Service Employment Program	963,796
	Tennessee Valley Authority	
62. UN	Low-Income Pilot Program	243 -
	U.S. Department of Energy	
81. 042	Weatherization Assistance for Low-Income Persons	1,086,849
	U.S. Department of Health and Human Services	
93. 041	Special Programs for the Aging-Title VII, Chapter 3-Programs for Prevention of Elder Abuse, Neglect, and Exploitation	52,045
93. 042	Special Programs for the Aging-Title VII, Chapter 2-Long Term Care Ombudsman Services for Older Individuals	35,027

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 1999

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
93. 043	Special Programs for the Aging-Title III, Part F-Disease Prevention and Health Promotion Services	177,358
93. 044	Special Programs for the Aging-Title III, Part B- Grants for Supportive Services and Senior Centers	4,018,258
93. 045	Special Programs for the Aging-Title III, Part C- Nutrition Services	4,038,007
93. 046	Special Programs for the Aging-Title III, Part D-In-Home Services for Frail Older Individuals	55,141
93. 048	Special Programs for the Aging-Title IV-Training, Research and Discretionary Projects and Programs	25,391
93. 050	Special Programs for the Aging-Title III - Preconference Programs for the White House Conference on Aging	88-
93. 556	Family Preservation and Support Services	3,468,095
93. 558	Temporary Assistance for Needy Families	28,607,163
93. 563	Child Support Enforcement	17,144,076
93. 566	Refugee and Entrant Assistance-State Administered Programs	909,689
93. 568	Low-Income Home Energy Assistance	10,037,407
93. 569	Community Services Block Grant	8,472,235
93. 571	Community Services Block Grant Discretionary Awards-Community Food and Nutrition	2,226-
93. 574	Child Care for Families At-Risk of Welfare Dependency	15,415-
93. 575	Child Care and Development Block Grant	17,682,339
93. 596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	17,636,795
93. 597	Grants to States for Access and Visitation Programs	202,705
93. 600	Head Start	68,198
93. 643	Children's Justice Grants to States	169,260
93. 645	Child Welfare Services-State Grants	4,684,872
93. 652	Adoption Opportunities	52,532
93. 658	Foster Care-Title IV-E	14,910,962
93. 659	Adoption Assistance	1,198,678
93. 667	Social Services Block Grant	21,083,385
93. 669	Child Abuse and Neglect State Grants	349,372
93. 673	Grants to States for Planning and Development of Dependent Care Programs	406-
93. 674	Independent Living	300,895
93. 779	Health Care Financing Research, Demonstrations and Evaluations	391,701
Total U.S. Department of Health and Human Services		155,753,451
Corporation for National and Community Service		
94. 016	Senior Companion Program	235,533
TOTAL HUMAN SERVICES		426,056,922
LIBRARY COMMISSION		
National Foundation on the Arts and the Humanities		
45. UN	Library Services Construction Grants	207,924
U.S. Department of Education		
84. 034	Public Library Services	995,842
84. 154	Public Library Construction and Technology Enhancement	142,959
Total U.S. Department of Education		1,138,801

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 1999

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
	TOTAL LIBRARY COMMISSION	1,346,725
	MARINE RESOURCES	
	U.S. Department of Commerce	
11. 407	Interjurisdictional Fisheries Act of 1986	68,060
11. 419	Coastal Zone Management Administration Awards	419,452
11. 420	Coastal Zone Management Estuarine Research Reserves	40,745
11. 434	Cooperative Fishery Statistics	74,922
11. 452	Unallied Industry Projects	206,912
	Total U.S. Department of Commerce	810,091
	U.S. Department of the Interior	
15. 605	Sport Fish Restoration	531,674
15. 614	Coastal Wetlands Planning, Protection and Restoration Act	77,897
15. 616	Clean Vessel Act	73,246
	Total U.S. Department of the Interior	682,817
	Environmental Protection Agency	
66. 461	Wetlands Protection-Development Grants	47,909
	TOTAL MARINE RESOURCES	1,540,817
	MEDICAID	
	U.S. Department of Health and Human Services	
93. 767	State Children's Insurance Program	5,042,025
93. 777	State Survey and Certification of Health Care Providers and Suppliers	1,151,935
93. 778	Medical Assistance Program	1,410,067,097
93. 779	Health Care Financing Research, Demonstrations and Evaluations	10,249
	Total U.S. Department of Health and Human Services	1,416,271,306
	TOTAL MEDICAID	1,416,271,306
	MENTAL HEALTH	
	U.S. Department of Health and Human Services	
93. UN1	State Demand and Needs Assessment Studies: Alcohol and Other Drugs	32,015
93. UN2	Implementation of Uniform Alcohol and Drug Abuse Data Collection Systems	50,197
93. 125	Mental Health Planning and Demonstration Projects	20,073
93. 150	Projects for Assistance in Transition from Homelessness (PATH)	156,161
93. 630	Developmental Disabilities Basic Support and Advocacy	735,449

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 1999

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
	Grants	
93. 958	Block Grants for Community Mental Health Services	2,252,162
93. 959	Block Grants for Prevention and Treatment of Substance Abuse	12,136,591
	Total U.S. Department of Health and Human Services	15,382,648
	TOTAL MENTAL HEALTH	15,382,648
	MILITARY DEPARTMENT	
	U.S. Department of Defense	
12. AAC	National Guard Operation and Maintenance	21,542,601
12. AAD	National Guard Special Military Operations and Projects	2,875,581
12. AAF	National Guard Civilian Youth Opportunities Pilot Program	1,846,894
12. AAG	Drug Interdiction and Counter Drug Activities	138,946
12. UN3	Equipment Concentration Site	45,496 -
12. 400	Military Construction, National Guard	1,963,027
	Total U.S. Department of Defense	28,321,553
	TOTAL MILITARY DEPARTMENT	28,321,553
	NARCOTICS	
	Office of National Drug Control Policy	
07. UN	High Intensity Drug Trafficking Area	612,075
	U.S. Department of Justice	
16. UN	Domestic Cannabis Eradication/Suppression Program	215,343
	TOTAL NARCOTICS	827,418
	PLANT INDUSTRY	
	U.S. Department of Agriculture	
10. 025	Plant and Animal Disease, Pest Control, and Animal Care	111,596
10. 163	Market Protection and Promotion	37,837
	Total U.S. Department of Agriculture	149,433
	Environmental Protection Agency	
66. 700	Consolidated Pesticide Enforcement Cooperative Agreements	521,187
	TOTAL PLANT INDUSTRY	670,620
	PUBLIC SAFETY	
	Office of National Drug Control Policy	

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 1999

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
07. UN	High Intensity Drug Trafficking Area	90,500
	U.S. Department of Justice	
16. 540	Juvenile Justice and Delinquency Prevention-Allocation to States	568,594
16. 554	National Criminal History Improvement Program (NCHIP)	845,605
16. 560	Justice Research, Development, and Evaluation Project Grants	15,601
16. 575	Crime Victim Assistance	2,244,348
16. 579	Byrne Formula Grant Program	4,844,760
16. 588	Violence Against Women Formula Grants	1,200,443
16. 589	Rural Domestic Violence and Child Victimization Enforcement Grant Program	159,526
16. 592	Local Law Enforcement Block Grants Program	496,288
16. 593	Residential Substance Abuse Treatment for State Prisoners	259,355
16. 598	State Identification Systems Grant Program	88,599
	Total U.S. Department of Justice	10,723,119
	U.S. Department of Transportation	
20. UN1	Fatal Analysis Reporting System	52,122
20. 600	State and Community Highway Safety	1,523,985
20. 601	Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	373,079
	Total U.S. Department of Transportation	1,949,186
	U.S. Department of Education	
84. 186	Safe and Drug-Free Schools and Communities-State Grants	1,383,371
	TOTAL PUBLIC SAFETY	14,146,176
	PUBLIC SERVICE COMMISSION	
	U.S. Department of Transportation	
20. 218	National Motor Carrier Safety	1,024,394
20. 700	Pipeline Safety	142,016
	Total U.S. Department of Transportation	1,166,410
	TOTAL PUBLIC SERVICE COMMISSION	1,166,410
	REHABILITATION SERVICES	
	U.S. Department of Education	
84. 126	Rehabilitation Services-Vocational Rehabilitation Grants to States	31,006,439
84. 169	Independent Living-State Grants	288,126
84. 177	Rehabilitation Services-Independent Living Services for Older Individuals Who are Blind	209,083
84. 187	Supported Employment Services for Individuals with Severe Disabilities	407,480
84. 224	Assistive Technology	411,610

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 1999

CFDA Number	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures/ Distributions/ Issuances</u>
84. 235	Rehabilitation Services Demonstration and Training-Special Demonstration Programs	316,824
84. 265	Rehabilitation Training-State Vocational Rehabilitation Unit In-Service Training	116,613
	Total U.S. Department of Education	<u>32,756,175</u>
	U.S. Department of Health and Human Services	
93. 234	Traumatic Brain Injury	<u>32,814</u>
	Social Security Administration	
96. 001	Social Security-Disability Insurance	<u>20,286,556</u>
	TOTAL REHABILITATION SERVICES	<u>53,075,545</u>
	<u>SUPREME COURT</u>	
	U.S. Department of Health and Human Services	
93. 586	State Court Improvement Program	<u>200,833</u>
	TOTAL SUPREME COURT	<u>200,833</u>
	<u>TRANSPORTATION</u>	
	U.S. Department of Transportation	
20. 106	Airport Improvement Program	734,654
20. 205	Highway Planning and Construction	220,148,065
20. 308	Local Rail Freight Assistance	9,456
20. 500	Federal Transit-Capital Investment Grants	212,706
20. 505	Federal Transit-Metropolitan Planning Grants	162,488
20. 509	Formula Grants for Other Than Urbanized Areas	2,685,671
20. 513	Capital Assistance Program for Elderly Persons and Persons with Disabilities	631,084
	Total U.S. Department of Transportation	<u>224,584,124</u>
	TOTAL TRANSPORTATION	<u>224,584,124</u>
	<u>TREASURY</u>	
	U.S. Department of Energy	
81. UN	Other Federal Assistance	1,098,869
81. 041	State Energy Program	556,902
81. 042	Weatherization Assistance for Low-Income Persons	<u>284,834</u>
	Total U.S. Department of Energy	<u>1,940,605</u>
	TOTAL TREASURY	<u>1,940,605</u>

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 1999

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
	<u>VETERANS AFFAIRS BOARD</u>	
64. 124	U.S. Department of Veterans Affairs All-Volunteer Force Educational Assistance	121,847
	TOTAL VETERANS AFFAIRS BOARD	121,847
	<u>WILDLIFE, FISHERIES AND PARKS</u>	
12. UN2	U.S. Department of Defense Wildlife Mitigation Projects (Passed-through from the U.S. Army Corps of Engineers. Identifying number assigned by the pass-through entity - DACW01391543S, DACW01391500S, DACW01392411S, DACW01392410S and DACW3891H007S)	845,279
15. 605	U.S. Department of the Interior Sport Fish Restoration	2,861,359
15. 611	Wildlife Restoration	3,107,434
15. 612	Endangered Species Conservation	45,632
	Total U.S. Department of the Interior	6,014,425
20. 005	U.S. Department of Transportation Boating Safety Financial Assistance	1,174,314
20. 219	Recreational Trails Program	58,677
	Total U.S. Department of Transportation	1,232,991
	TOTAL WILDLIFE, FISHERIES AND PARKS	8,092,695
	<u>YELLOW CREEK INLAND PORT AUTHORITY</u>	
62. UN1	Tennessee Valley Authority Industrial Development	2,347,627
	TOTAL YELLOW CREEK INLAND PORT AUTHORITY	2,347,627
	TOTAL EXPENDITURES OF FEDERAL AWARDS	\$ 3,170,126,147

EXPLANATION OF FOOTNOTE REFERENCE:

Program number with UN denotes unknown CFDA numbers.

ñ Denotes federal programs with outstanding loan balances.

è The total expenditures for CFDA No. 17.225 includes state expenditures of \$110,621,282 and federal expenditures of \$26,342,834.

Ñ Denotes federal programs with noncash benefits.

(concluded)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

**Notes to the
Schedules of Expenditures of Federal Awards**



STATE OF MISSISSIPPI

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 1999

NOTE 1: PURPOSE OF THE SCHEDULES

Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires a schedule of expenditures of federal awards showing total federal awards expended for each individual federal program as identified in the *Catalog of Federal Domestic Assistance* (CFDA). To comply with this requirement, the Department of Finance and Administration required each state agency to prepare and submit a schedule of expenditures of federal awards. Information contained in these schedules was combined by the Department of Finance and Administration to form the accompanying schedules of expenditures of federal awards. Federal programs which have not been assigned a CFDA number have been identified.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation - The information in the accompanying schedules of expenditures of federal awards is presented in accordance with OMB Circular A-133. The Schedule of Expenditures of Federal Awards by Federal Department presents a summary of federal awards expended by federal department and CFDA number. The Schedule of Expenditures of Federal Awards by State Grantee Agency presents federal awards expended by recipient agencies of the State of Mississippi.

- Federal Financial Assistance - Pursuant to the Single Audit Act Amendments of 1996 (Public Law 104-156) and OMB Circular A-133, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, cooperative agreements, loans, loan guarantees, property (including donated surplus property), interest subsidies, insurance, direct appropriations or other assistance. Accordingly, nonmonetary federal assistance, including food stamps, food commodities and surplus property, is included in federal financial assistance and, therefore, is reported on the schedules of expenditures of federal awards. Federal financial assistance does not include direct federal cash assistance to individuals or procurement contracts used to buy goods or services from vendors.

STATE OF MISSISSIPPI

Notes to the Schedules of Expenditures of Federal Awards (continued)

- Major Programs - The Single Audit Act Amendments of 1996 and OMB Circular A-133 establish a risk-based approach to determine which federal programs are major based on certain expenditure thresholds and risk criteria. In planning the fiscal year 1999 audit, five Type A programs were identified as low risk. Risk Assessments of Type B programs were performed until five high risk Type B programs were identified. Federal expenditures, distributions or issuances according to the state's Single Audit Report for the fiscal year ended June 30, 1998, totaled \$2,885,546,668. This established the threshold for Type A programs as those whose federal expenditures, distributions or issuances exceed \$8,700,000. Twenty-seven major federal award programs, comprising high risk Type A programs and five high risk Type B programs, were identified for the State of Mississippi. For the fiscal year ended June 30, 1999, program specific audits were performed by independent auditors for both CFDA 66.458 - Capitalization Grants for State Revolving Funds and CFDA 66.468 - Capitalization Grants for Drinking Water State Revolving Fund. These program specific audits were performed under the recommendation in SRF Policy Memorandum 98-1 and within the guidelines of the *EPA Clean Water State Revolving Fund Audit Guide* issued in June 1998 by the United States Environmental Protection Agency.
 - *Catalog of Federal Domestic Assistance* - The *Catalog of Federal Domestic Assistance* (CFDA) is a government-wide compendium of individual federal programs. Each program included in the catalog is assigned a five-digit program identification number (CFDA number) which is reflected in the accompanying schedules.
- B. Reporting Entity - The accompanying schedules include all federal programs administered by the State of Mississippi, except for those programs accounted for in the university funds within the component units section of the financial statements, for the year ended June 30, 1999. Expenditures of federal awards provided to the state's public universities and related entities will be audited in accordance with statutory requirements and the provisions of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and a separate report is scheduled to be issued by March 31, 2000.
- C. Basis of Accounting - Federal programs included in the accompanying schedules are accounted for in the state's governmental and proprietary fund types and expendable trust funds. Governmental fund types and expendable trust funds are accounted for by using the modified accrual basis of accounting and proprietary fund types by using the accrual basis of accounting, in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

Amounts reflected as distributions in the accompanying schedules for donated federal surplus property are based upon the historical cost as assigned by the federal government. The amounts reflected in the financial statements of the State of Mississippi for the fiscal year ended June 30, 1999, for distributed surplus property are valued at the handling and shipping costs, which more closely approximate fair market value at the date of the transfer of the surplus property to the State of Mississippi.

STATE OF MISSISSIPPI

Notes to the Schedules of Expenditures of Federal Awards (continued)

The value of food commodity distributions on the accompanying schedules was calculated using the U.S. Department of Agriculture, Food and Nutrition Service commodity price list in effect at the date of distribution.

The food stamp issuance amount included in the accompanying schedules is stated at the face value of the food stamp coupons at the date of issuance.

D. Expenditures and Expenses - Certain transactions relating to expenditures of federal awards may appear in records of more than one state grantee agency. To avoid duplication and the overstatement of the aggregate level of federal awards expended by the State of Mississippi, the following policies have been adopted:

1. When monies are received by one state grantee agency and redistributed (expended) to another state grantee agency (i.e., a pass-through of funds by the primary recipient state grantee agency to a subrecipient state grantee agency), the federal financial assistance will be reflected in the primary receiving/expending state grantee agency's accounts.
2. Purchases of services between state grantee agencies using federal monies will be recorded as *expenditures* or *expenses* on the purchasing agency's records and as *revenues* for services rendered on the providing agency's records. Therefore, the expenditure of federal awards is attributed to the purchasing agency, which is the primary receiving/expending state grantee agency.

NOTE 3: OTHER

- A. The accompanying schedules of expenditures of federal awards include distributions of surplus personal property (CFDA 39.003) of \$5,571,532 and property for counter-drug activities (CFDA 12.Unknown) of \$2,085,214. These distributions were valued at the historical cost assigned by the federal government. These distributions were reported in the financial statements of the State of Mississippi for the year ended June 30, 1999, as charges for sales and services of \$891,000. The amount was based upon handling costs which closely approximates the fair market value at the date of transfer to the state.
- B. Expenditures reflected in CFDA 14.228 - Community Development Block Grants/State's Program include payments to Mississippi local governments for community and economic development projects. In subsequent years, program income generated by the use of these funds may be received by the Mississippi Department of Economic and Community Development. When received, these funds will be deposited into a revolving loan fund to be redistributed to the local governments under CFDA 14.228 for program activities, which in turn, generate payments to the fund for use in carrying out future program activities. At June 30, 1999, the outstanding loan balance for the program totaled \$9,336,530. For the first time these outstanding loan balances are included in the total expenditures for this program on the schedules of expenditures of federal awards. Total disbursements for new loans for the year ended June 30, 1999 totaled \$839,000.

STATE OF MISSISSIPPI**Notes to the Schedules of Expenditures of Federal Awards (continued)**

- C. The Unemployment Insurance program (CFDA 17.225) is administered through a unique federal-state partnership that was founded upon federal law, but implemented through state law. For the purposes of presenting the expenditures of this program in the accompanying schedules of expenditures of federal awards, both state and federal funds have been considered federal awards expended as denoted with an * to the right of the CFDA number. The breakdown of the state and federal portions of the total program expenditures is as follows:

State Portion	\$ 110,621,282
Federal Portion	<u>26,342,834</u>
Total	\$ <u>136,964,116</u>

- D. Expenditures reflected in CFDA 66.458 - Capitalization Grants for State Revolving Funds - include loans to local governments for developing or constructing water treatment facilities. In subsequent years, local governments will be required to repay these funds to the State of Mississippi. When received, these funds are redistributed to local governments through new loans for additional water treatment facility projects. The outstanding loan balance for the year ended June 30, 1999, was \$158,399,148. For the first time these outstanding loan balances are included in the total expenditures for this program on the schedules of expenditures of federal awards. Total disbursements for new loans for the year ended June 30, 1999, totaled \$14,601,073. Administrative costs associated with the program for the year ended June 30, 1999, totaled \$1,111,237.
- E. Expenditures reflected in CFDA 66.468 - Capitalization Grants for Drinking Water State Revolving Fund - include loans to counties, municipalities, and other tax exempt water systems organizations for construction of new water systems, the expansion or repair of existing water systems, and/or the consolidation of new or existing water systems. In subsequent years, the entities will be required to repay these funds to the Mississippi Department of Health. When received these funds will be used to make new loans for the program activities. The outstanding loan balance for the year ended June 30, 1999, was \$12,754,374. For the first time these outstanding loan balances are included in the total expenditures for this program on the schedules of expenditures of federal awards. Total disbursements for new loans made during fiscal year 1999 totaled \$7,558,693. Administrative costs associated with the program for the year ended June 30, 1999, totaled \$772,518.
- F. All federal expenditures/distributions/issuances included in the accompanying schedules represent assistance received directly from the federal government, unless otherwise noted. Federal financial assistance received indirectly from the federal government (i.e., passed-through from entities outside of the State of Mississippi) is noted parenthetically.

STATE OF MISSISSIPPI**Notes to the Schedules of Expenditures of Federal Awards (continued)**

- G. The State of Mississippi's major federal programs for the year ended June 30, 1999, were based on federal expenditures/distributions/issuances and risk assessments as defined in Note 2:A. Those programs are as follows:

CFDA**Number****Program Name**

	Food Stamp Cluster:
10.551	Food Stamps
10.561	State Administrative Matching Grants for Food Stamp Program
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
14.228	Community Development Block Grants/State's Program
16.586	Violent Offender Incarceration and Truth in Sentencing Incentive Grants
	Employment Services Cluster:
17.207	Employment Services
17.801	Disabled Veterans' Outreach Program (DVOP)
17.804	Local Veterans' Employment Representative Program
20.205	Highway Planning and Construction
39.003	Donation of Federal Surplus Personal Property
66.458	Capitalization Grants for State Revolving Funds
66.468	Capitalization Grants for Drinking Water State Revolving Fund
83.543	Individual and Family Grants
83.544	Public Assistance Grants
84.010	Title I Grants to Local Educational Agencies
	Special Education Cluster:
84.027	Special Education - Grants to States
84.173	Special Education - Preschool Grants
84.048	Vocational Education - Basic Grants to States
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States
84.276	Goals 2000 - State and Local Education Systemic Improvement Grants
93.268	Immunization Grants
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
	Child Care Cluster:
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund

STATE OF MISSISSIPPI**Notes to the Schedules of Expenditures of Federal Awards (continued)**

CFDA**Number****Program Name**

93.658	Foster Care - Title IV-E
93.667	Social Services Block Grant
93.767	State Children's Insurance Program
	Medicaid Cluster:
93.775	State Medicaid Fraud Control Units
93.777	State Survey and Certification of Health Care Providers and Suppliers
93.778	Medical Assistance Program
93.959	Block Grants for Prevention and Treatment of Substance Abuse
93.994	Maternal and Child Health Services Block Grant to the States
96.001	Social Security - Disability Insurance

H. State Aid Road Construction is a division of the Mississippi Department of Transportation (MDOT). Federal financial assistance in the amount of \$19,644,426 related to State Aid Road Construction is included on the schedules of expenditures of federal awards under Transportation Department program 20.205 - Highway Planning and Construction.

I. Noncash Assistance.

The State of Mississippi participated in several federal programs in which noncash benefits were provided through the state to eligible program participants. These noncash benefits programs are identified on the schedules of expenditures of federal awards with a Ñ to the right of the CFDA number. A listing of these programs follows:

CFDA**Number****Program Name**

10.550	Food Distribution
10.551	Food Stamps
10.569	Emergency Food Assistance Program (Food Commodities)
12.Unknown	Transfer of Excess Personal Property for Counter-Drug Activities
39.003	Donation of Federal Surplus Personal Property
93.268	Immunization Grants
93.977	Preventive Health Services - Sexually Transmitted Diseases Control Grants

STATE OF MISSISSIPPI

Notes to the Schedules of Expenditures of Federal Awards (concluded)

- Note:*
- *CFDA 10.570 — Nutrition Program for the Elderly (Commodities) is normally a noncash grant; however, the State of Mississippi elected to receive the cash instead (per the grant award).*
 - *CFDA 93.268 — Immunization Grants received \$8,259,654 in both cash assistance and noncash assistance. Cash assistance totaled \$2,814,864 and noncash assistance totaled \$5,444,790.*
 - *CFDA 93.977 — Preventive Health Services - Sexually Transmitted Diseases Control Grants received \$1,505,867 in both cash assistance and noncash assistance. Cash assistance totaled \$1,273,750 and noncash assistance totaled \$232,117.*

- J. The National Aeronautics and Space Administration (NASA) donated the Yellow Creek Facility, including furniture, equipment, buildings and land, to the State of Mississippi in fiscal year 1996. These assets are reflected in the general fixed assets account group in the *Comprehensive Annual Financial Report* for the State of Mississippi. NASA also transferred \$10 million in appropriated funds, pursuant to Section 212 of Public Law 104-99, to the State of Mississippi to be used in the transition of the Yellow Creek Facility. Federal requirements were not established regarding the \$10 million other than the monies be expended for the transition of the Yellow Creek Facility. The receipt of the \$10 million was classified in the State of Mississippi's *Fiscal Year 1996 Comprehensive Annual Financial Report* as "other revenue". The State of Mississippi has expended \$9,669,006 of the \$10 million as of fiscal year ended June 30, 1999. The State of Mississippi is not required to return any unused funds to the federal government. These donated assets are deemed not to be federal financial assistance to the State of Mississippi by the Mississippi Department of Economic and Community Development and therefore, are not on the schedules of expenditures of federal awards.

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Schedule of Findings and Questioned Costs

Part 1 - Summary of Auditor's Results



STATE OF MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 1999

PART 1 - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

- Material weaknesses identified? yes X no
- Reportable conditions identified that are not considered to be material weaknesses? X yes none reported

Noncompliance material to financial statements noted?

 yes X no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? X yes no
- Reportable conditions identified that are not considered to be material weaknesses? X yes none reported

Type of auditor's report issued on compliance for major programs:

Unqualified for all major programs except for the Foster Care - Title IV-E (CFDA #93.658) program, which was qualified; and the state's public universities, for which a separate report will be issued.

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

 X yes no

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 1 - Summary of Auditor's Results (continued)

Identification of major programs:

CFDA Number	Program Name
	Food Stamp Cluster:
10.551	Food Stamps
10.561	State Administrative Matching Grants for Food Stamp Program
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
14.228	Community Development Block Grants / State's Program
16.586	Violent Offender Incarceration and Truth in Sentencing Incentive Grants
	Employment Services Cluster:
17.207	Employment Service
17.801	Disabled Veterans' Outreach Program
17.804	Local Veterans' Employment Representative Program
20.205	Highway Planning and Construction
39.003	Donation of Federal Surplus Personal Property
66.458	Capitalization Grants for State Revolving Funds
66.468	Capitalization Grants for Drinking Water State Revolving Fund
83.543	Individual and Family Grants
83.544	Public Assistance Grants
84.010	Title I Grants to Local Educational Agencies
	Special Education Cluster:
84.027	Special Education - Grants to States
84.173	Special Education - Preschool Grants
84.048	Vocational Education - Basic Grants to States
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States
84.276	Goals 2000 - State and Local Education Systemic Improvement Grants
93.268	Immunization Grants
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
	Child Care Cluster:
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.658	Foster Care - Title IV-E
93.667	Social Services Block Grant
93.767	State Children's Insurance Program

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 1 - Summary of Auditor's Results (concluded)

CFDA Number	Program Name
	Medicaid Cluster:
93.775	State Medicaid Fraud Control Units
93.777	State Survey and Certification of Health Care Providers and Suppliers
93.778	Medical Assistance Program
93.959	Block Grants for Prevention and Treatment of Substance Abuse
93.994	Maternal and Child Health Services Block Grant to the States
96.001	Social Security - Disability Insurance

Dollar threshold used to distinguish between
Type A and Type B programs:

\$8,700,000

Auditee qualified as low-risk auditee?

 yes X no

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Schedule of Findings and Questioned Costs
Part 2 - Financial Statement Findings



STATE OF MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 1999

PART 2 - FINANCIAL STATEMENT FINDINGS

Introduction

This part of the Schedule of Findings and Questioned Costs presents reportable conditions that are related to the financial statements and are required to be reported in accordance with *Government Auditing Standards*.

Findings are arranged in order by state agency. Each finding has the following designation:

- **Reportable Condition** - Matters coming to the auditor's attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in the auditor's judgement, could adversely affect the state's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

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STATE OF MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 1999

PART 2 - FINANCIAL STATEMENT FINDINGS

**Finding
Number**

Finding and Recommendation

FINANCE AND ADMINISTRATION

Reportable Condition

99-27

The Disaster Recovery Plan Should Be Improved and Tested

Finding:

When reviewing the disaster recovery plan for the Project Accounting and Tracking System (PATs) of the Department of Finance and Administration - Bureau of Buildings, we noted the plan was not sufficiently detailed to ensure continuity of the system in the event of a disaster.

The Control Objectives for Information and Related Technology (CobiT, Section DS4) guideline requires disaster recovery procedures to be established to provide orderly and complete recovery of computer applications in case of the inability to use current files, programs and/or hardware. Without a detailed, written plan of these procedures, the agency would not be adequately prepared to provide orderly recovery of vital functions in the event of a hardware or environmental disaster.

Recommendation:

We recommend the Department of Finance and Administration - Bureau of Buildings improve its disaster recovery plan by documenting in detail the procedures to be followed during an emergency. After these revisions are made, the plan should be tested and employees should be made aware of their responsibilities in the event of a disaster.

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Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings
and Questioned Costs



STATE OF MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 1999

PART 3 - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Introduction

This part of the Schedule of Findings and Questioned Costs presents audit findings required to be reported by Section 510 (a) of OMB Circular A-133.

Findings are grouped by federal funding agency with duplicate findings listed when more than one federal agency is involved. Findings within each federal agency are then organized by state agency with material weaknesses and material noncompliance listed first. Other findings within the state agency are listed in order by type of compliance requirement as listed in Section 320 (b) (2) (xii) of OMB Circular A-133.

Each finding has one or more of the following designations:

- **Material Noncompliance** - Conditions representing noncompliance with the provisions of laws, regulations, contracts, or grant agreements, that have a direct and material effect on a major federal program.
- **Immaterial Noncompliance** - Conditions representing noncompliance with the provisions of laws, regulations, contracts, or grant agreements, that do not have a direct and material effect on a major federal program.
- **Reportable Condition** - Matters coming to the auditor's attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in the auditor's judgement, could adversely affect the state's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants.
- **Material Weakness** - A reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected in a timely period by employees in the normal course of performing their assigned functions.

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STATE OF MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 1999

PART 3 - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

U.S. DEPARTMENT OF AGRICULTURE

CFDA/Finding
Number

Finding and Recommendation

HEALTH

ALLOWABLE COSTS / COST PRINCIPLES

Material Weakness

10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
93.268	Immunization Grants
93.994	Maternal and Child Health Services Block Grant to the States

Federal Award Number and Year: Various

99-01	<u>Data Security Controls Should Be Strengthened</u>
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Finding:

The Mississippi State Department of Health (agency) established a time study system to collect and analyze employee time report data to identify time worked by activities. The WANG computer system is used to input information for the time study system. Our review of data security for the WANG computer system indicated the following internal control weaknesses:

- The WANG security system, included with the operating system, was not being fully utilized.
- The system did not maintain an automated log or journal to record or monitor access to program documentation, systems software, production programs, production data files, on-line application systems, databases, or password tables.
- The system did not require user passwords to be changed on a regular basis.
- The WANG system analyst assigned passwords to all users.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF AGRICULTURE (continued)

CFDA/Finding
Number

Finding and Recommendation

- The system did not limit the number of invalid access attempts or allow invalid access attempts to be identified, logged or investigated.

Guidelines for data security have been established in the Control Objectives for Information and Related Technology (CobiT, Section DS5). Without these controls, the agency's WANG computer system may be susceptible to computer abuse.

Recommendation:

We recommend the Mississippi State Department of Health develop data security controls over the WANG computer system. These controls should include, but are not limited to, the following:

- The existing WANG security system should be used to the full extent of its capabilities. If the existing system is inadequate, another product should be obtained. The security software package should help in restricting unauthorized personnel from accessing live data. The security software also should include an automated log or journal that would record or monitor access to program documentation, systems software, production programs, production data files, on-line application systems, databases, and password tables.
- Since password protection is the first line of defense against computer hackers and unauthorized access, the system should require all users to periodically change their passwords at least every 60 days.
- A log identifying invalid access attempts should be maintained and periodically reviewed. The number of invalid access attempts by computer users should be limited to three.

STATE OF MISSISSIPPI**Schedule of Findings and Questioned Costs****Part 3 - Federal Award Findings and Questioned Costs (continued)**

U.S. DEPARTMENT OF AGRICULTURE (continued)**CFDA/Finding
Number****Finding and Recommendation**

HUMAN SERVICES**ALLOWABLE COSTS / COST PRINCIPLES*****Reportable Condition***

10.561	State Administrative Matching Grants for Food Stamp Program
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.658	Foster Care - Title IV-E
93.667	Social Services Block Grant

Federal Award Number and Year: Various

99-19 Changes to the Cost Allocation Plan Should Be Carefully Monitored

Finding:

Testwork on the cost allocation plan at the Mississippi Department of Human Services (agency) revealed the agency had over \$3,000,000 in costs charged from July 1998 to December 1998 to eight cost pools that were not approved by the federal government until January 1, 1999. The agency also had over \$1,500,000 in costs charged during fiscal year 1999 to six cost pools that were not approved by the federal government. The agency had not submitted information to the federal government for approval of these six cost pools as of June 30, 1999. Although the agency had established procedures for amending its cost allocation plan, these procedures were not effective in ensuring amendments were done promptly.

Internal control guidelines in Office of Management and Budget (OMB) Circular A-133 state management should monitor control procedures to ensure the quality of internal control performance over a period of time. In addition, OMB Circular A-87, Attachment A, requires the distribution of any joint costs related to a grant program to be supported by a cost allocation plan. Any costs charged to a cost pool that is not approved by the federal grantor agency may result in unallowed costs.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF AGRICULTURE (continued)

**CFDA/Finding
Number**

Finding and Recommendation

Recommendation:

We recommend the Mississippi Department of Human Services (agency) exercise greater care in monitoring changes to its cost allocation plan. Management should routinely review the plan to identify when changes are needed.

When new cost pools are established or when changes have been identified, the agency should promptly request federal approval and provide all needed information to the federal government.

HUMAN SERVICES

CASH MANAGEMENT

Reportable Condition

10.561	State Administrative Matching Grants for Food Stamp Program
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.658	Foster Care - Title IV-E
93.667	Social Services Block Grant

Federal Award Number and Year: Various

99-20 **Controls over Cash Management Should Be Strengthened**

Finding:

We tested 40 cash draws at the Mississippi Department of Human Services and noted the following weaknesses:

- Although each request was signed by a supervisor, this supervisor told us he did not perform a detailed review of the request for accuracy.

STATE OF MISSISSIPPI

Schedule of Findings and Questioned Costs

Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF AGRICULTURE (concluded)

CFDA/Finding
Number

Finding and Recommendation

- In 21 instances, amounts requested from the federal grantor did not agree with the supporting worksheet provided to the auditor. Agency personnel did not have notes on these differences and could not give definite reasons for these differences.
- The agency did not have detailed written procedures for determining the amount of federal funds to request under various circumstances.

Internal control guidelines in Office of Management and Budget (OMB) Circular A-133 state there should be an appropriate level of supervisory review of cash management activities and there should be written procedures for requesting cash. Given the size and complexity of the agency's cash management system, good internal controls dictate the agency develop written policies and procedures for requesting federal funds, supervisory personnel review each cash draw for accuracy, and agency personnel keep detailed records on how cash requests were determined.

Inadequate controls over cash management could hinder the agency's ability to manage federal funds effectively and to comply with federal laws.

Recommendation:

We recommend the Mississippi Department of Human Services strengthen controls over cash management by implementing the following:

- Before signing the cash receipt document, supervisory personnel should review cash requests for accuracy.
- In addition to detailed worksheets, agency personnel should keep notes explaining why amounts requested from the federal grantor differed from the amounts calculated on the worksheets.
- The agency should develop written policies and procedures for requesting federal funds. These procedures should be sufficiently detailed to include various situations that occur during the normal course of business.

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STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF JUSTICE

CFDA/Finding
Number

Finding and Recommendation

CORRECTIONS

SUBRECIPIENT MONITORING

Reportable Condition

16.586

Violent Offender Incarceration and Truth in Sentencing Incentive Grants

Federal Award Number and Year: 96CVVX0028, 1999

99-07

Procedures Should Be Established to Ensure Subrecipients are Monitored

Finding:

The Mississippi Department of Corrections does not have written policies or procedures in place for monitoring the subrecipients of the Violent Offender Incarceration and Truth in Sentencing Incentive Grant. Good internal controls dictate policies and procedures be in place to ensure subrecipients of federal funds are monitored for compliance with federal requirements and deficiencies noted during the monitoring process are corrected in a timely manner. An inadequate system for monitoring subrecipients could allow noncompliance with federal requirements and mismanagement of federal funds to exist and go undetected.

The Office of Management and Budget Circular OMB A-133 requires the primary recipient of Federal funds to monitor the subrecipient's activities to provide reasonable assurance that the subrecipient administers federal awards in compliance with federal requirements.

Recommendation:

We recommend the Mississippi Department of Corrections establish written policies and procedures for monitoring all subrecipients of the Violent Offender Incarceration and Truth in Sentencing Incentive Grant.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF JUSTICE (concluded)

CFDA/Finding
Number

Finding and Recommendation

CORRECTIONS

SUBRECIPIENT MONITORING

Reportable Condition

16.586 Violent Offender Incarceration and Truth in Sentencing Incentive Grants

Federal Award Number and Year: 96CVVX0028, 1999

99-08 Written Agreements With Subrecipients Should be Obtained

Finding:

Testwork performed at the Mississippi Department of Corrections (the agency) revealed the agency does not have a written agreement with the subrecipients of the Violent Offender Incarceration and Truth in Sentencing Incentive Grant. Good internal controls require written agreements between the recipient and subrecipient of federal funds be obtained. Without a written contract or agreement, the subrecipient may not be aware of the federal award information or compliance requirements of the federal program.

The Office of Justice Programs Financial Guide (Part III, Chapter 9) requires a formalized contract or written agreement between the parties involved. The contract or agreement must, at a minimum, include: activities to be performed; time schedule; project policies; flow-through requirements that are applicable to the subrecipient; dollar limitation of the agreement and cost principles to be used in determining allowable costs; and other policies and procedures to be followed.

Recommendation:

We recommend the Mississippi Department of Corrections obtain written agreements with all future subrecipients of the Violent Offender Incarceration and Truth in Sentencing Incentive Grant.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF TRANSPORTATION

CFDA/Finding
Number

Finding and Recommendation

TRANSPORTATION

DAVIS-BACON ACT

Reportable Condition

20.205

Highway Planning and Construction

Federal Award Number and Year: Various

99-11

Controls over the Receipt of Wage and Payroll Documents Should Be Strengthened

Finding:

We tested a total of 40 payroll weeks from 23 projects selected for review for the Highway Planning and Construction program at the Mississippi Department of Transportation - Office of State Aid Road Construction (agency). We noted for 4 out of 40 weeks tested, the agency had not received the required wage and payroll documents on 2 projects.

The agency's standard operating procedures state each contractor or subcontractor working on a federally funded project must submit copies of the "Weekly Summary of Wage Rates" (CAD-880) to the county engineer and to the agency. If no work is performed during the week, the CAD-880 should be submitted with "No Work Performed During This Period" typed or written on the form. Weekly payroll sheets must accompany the CAD-880, except when no work is performed during that week.

Good internal controls dictate procedures should be in place to ensure all required wage and payroll documents are received promptly. Without these documents, the agency cannot determine whether laborers employed on federally funded projects are being paid in compliance with the requirements of the Davis-Bacon Act.

Recommendation:

We recommend the Mississippi Department of Transportation - Office of State Aid Road Construction implement control procedures to ensure all wage and payroll documents are received promptly.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF TRANSPORTATION (continued)

CFDA/Finding
Number

Finding and Recommendation

TRANSPORTATION

REAL PROPERTY ACQUISITION AND RELOCATION ASSISTANCE

Reportable Condition

20.205 Highway Planning and Construction

Federal Award Number and Year: Various

99-12 Controls over the Review of Real Property Acquisitions Should Be Strengthened

Finding:

Section 65-9-19, Miss. Code Ann.(1972), provides that all rights of way for state aid construction projects are to be acquired by county boards of supervisors. When federal funds are provided for construction projects, the Mississippi Department of Transportation - Office of State Aid Road Construction (agency) is responsible for ensuring the counties have acquired rights of way in compliance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act. For each acquisition, the agency requires the counties to submit certain pertinent documents. Based on in-house reviews of these documents, agency personnel should determine whether federal requirements have been met.

During our testwork on real property acquisition procedures for the agency, we noted the following weaknesses:

- Documentation of written offers to property owners was not on file for 20 out of 27 purchase acquisitions tested.
- Of the 27 parcels of land acquired, 8 had values exceeding the appraisal waiver limit, and 1 of these 8 had no documentation of an appraisal on file.
- For all 8 parcels exceeding the appraisal waiver limit, there was no documentation on file indicating appraisals had been examined and approved by a review appraiser. (Agency personnel indicated appraisals were not examined by review appraisers on 7 of these 8 parcels.)

STATE OF MISSISSIPPI

Schedule of Findings and Questioned Costs

Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF TRANSPORTATION (continued)

CFDA/Finding

Number

Finding and Recommendation

- In addition, 1 of these 8 parcels was purchased at an amount less than the appraised value. For this parcel, no written offer was on file to support the just compensation amount was offered to the property owner.
- Agency personnel were determining whether property values fell below the appraisal waiver limit based upon the amount paid for the property, instead of using the just compensation amount that should have been established for the property and documented in the written offer.

The Code of Federal Regulations (49 CFR 24.102) states, "Before the initiation of negotiations, the agency shall establish an amount which it believes is just compensation for the real property. The amount shall not be less than the approved appraisal of the fair market value of the property, taking into account the value of allowable damages or benefits to any remaining property. Promptly thereafter, the agency shall make a written offer to the owner to acquire the property for the full amount believed to be just compensation." It further states that before the initiation of negotiations, the real property to be acquired shall be appraised, except when the owner is donating the property or when the agency determines an appraisal is unnecessary because the fair market value is estimated to be less than the appraisal waiver limit. The Code of Federal Regulations (49 CFR 24.104) also states a qualified reviewing appraiser shall examine all appraisals to assure the appraisals meet applicable requirements.

The agency's standard operating procedures require counties to furnish documentation of compliance with federal regulations, including copies of appraisals, review appraisers' reports, as well as copies of written offers made to property owners. Without these documents, the agency cannot verify that real property acquisitions have been completed in compliance with the Uniform Relocation Assistance and Real Property Acquisitions Policies Act.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF TRANSPORTATION (concluded)

CFDA/Finding
Number

Finding and Recommendation

Recommendation:

We recommend the Mississippi Department of Transportation - Office of State Aid Road Construction strengthen controls over the review of real property acquisitions. These controls should include, but are not limited to, the following:

- Develop procedures to ensure all required documents are submitted by counties in order to determine compliance with real property acquisition regulations.
- Implement procedures to ensure counties obtain the proper examination of appraisals by qualified review appraisers.
- Determine whether acquisition amounts fall below the appraisal waiver limit based on the just compensation amount per the written offer.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF EDUCATION

CFDA/Finding
Number

Finding and Recommendation

EDUCATION

ELIGIBILITY

Reportable Condition

84.048 Vocational Education - Basic Grants to States

Federal Award Number and Year: V048A980024, 1998

99-02 Internal Controls over Subrecipient Allocations Should Be Strengthened

Finding:

The Code of Federal Regulations (34 CFR 403.112) states that "from 70 percent of the amount reserved [for the Secondary School Vocational Education Program], a local educational agency (LEA) must be allocated an amount that bears the same relationship to the 70 percent as the amount the LEA was allocated under section 1005 of chapter 1 (20 U.S.C, 2711) in the fiscal or program year preceding the fiscal or program year in which the allocation is made bears to the total amount received under section 1005 of chapter 1 by all LEAs in the State in that preceding year." Testwork performed at the Mississippi State Department of Education on the Vocational Education - Basic Grants to States program revealed that 1996-1997 Title I Grants to Local Educational Agencies allocation data was used in the calculation of fiscal year 1999 funding allocations for the Secondary School Vocational Education Program. The use of Title I allocation data from the second preceding year, instead of from the preceding year, resulted in the incorrect calculation of federal funding allocations for all 152 school districts in Mississippi.

After we discussed this with agency personnel, the fiscal year 1999 allocations were recalculated using the 1997-1998 Title I allocation data. Variances between the incorrectly calculated allocations and the recalculated allocations were immaterial in amount with 80 percent of variances amounting to less than \$400.00 per LEA.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF EDUCATION (continued)

CFDA/Finding
Number

Finding and Recommendation

Recommendation:

We recommend the Mississippi State Department of Education (SDE) strengthen its internal controls to ensure correct data is used in the calculation of subrecipient allocations. We further recommend that SDE obtain a written disposition from the United States Department of Education stating whether the fiscal year 2000 Secondary School Vocational Education Program allocations to subrecipients should be adjusted by SDE to compensate for the incorrectly calculated fiscal year 1999 allocations.

EDUCATION

MATCHING, LEVEL OF EFFORT, EARMARKING

Reportable Condition

84.010

Title I Grants to Local Educational Agencies

Federal Award Number and Year: S010A980024, 1998

99-03

Procedures Should Be Implemented to Ensure Compliance with Maintenance of Effort Requirements

Finding:

The Improving America's Schools Act, Section 14501, requires the state educational agency (SEA) to reduce the amount of allocation of Title I Grants to Local Educational Agencies (LEA) program funds for a LEA in any fiscal year in which the LEA fails to maintain level of effort. The allocation will be reduced in the exact proportion by which the LEA fails to maintain level of effort by falling below 90 percent of both the combined fiscal effort per student and aggregate expenditures.

The Mississippi State Department of Education has not developed adequate procedures to ensure a LEA's allocation of funds is reduced if level of effort is not maintained. Our review of a list prepared by the agency documenting each of the LEAs' maintenance of effort revealed 3 out of 152 school districts failed to maintain level of effort and allocation of funds had not been reduced. The agency has developed an "Application Approval Checklist"; however, the checklist does not address the level of effort requirement. The agency has subsequently taken corrective action for these school districts as a result of audit testwork.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF EDUCATION (continued)

CFDA/Finding
Number

Finding and Recommendation

Good internal controls dictate procedures be in place to ensure a LEA's allocation of funds is adjusted in a timely manner if level of effort is not maintained. Failure to ensure maintenance of effort by a LEA during the application approval process increases the risk that federal noncompliance could exist and go undetected.

Recommendation:

We recommend the Mississippi State Department of Education implement procedures to ensure a local educational agency's allocation of funds is properly reduced if level of effort is not maintained. This could be achieved by the agency revising its "Application Approval Checklist" to include the level of effort requirement.

EDUCATION

PERIOD OF AVAILABILITY OF FEDERAL FUNDS

Reportable Condition

84.010 Title I Grants to Local Educational Agencies

Federal Award Number and Year: S010A70024C, 1998

99-04 Internal Controls over 15% Carryover Requirement Should Be Strengthened

Finding:

The Improving America's School Act (IASA), Section 1127, requires the state educational agency (SEA) and the local educational agency (LEA) to obligate funds during the 27 months, extending from July 1 through September 30, of the second fiscal year for the Title I Grants to Local Educational Agencies program. This maximum period includes a 15 month period of initial availability for obligation plus a 12 month period for the carryover of unobligated funds. A LEA receiving \$50,000 or more in Title I, Part A funds cannot carry over more than 15 percent of its allocation for the project year. A SEA may grant a waiver for the percentage of limitation once every three years. Also, IASA, Section 1126, recommends if a SEA determines the amount of allocation to a LEA is more than such LEA will use, the SEA should reallocate excess funds to other LEAs which may be in need of additional funds.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF EDUCATION (continued)

CFDA/Finding
Number

Finding and Recommendation

The Mississippi State Department of Education (SDE) has developed a standard carryover amendment form which is completed and submitted by each LEA. This form is reviewed by SDE program personnel to determine if the amount of carryover documented by the LEA is not more than 15 percent of the LEA's allocation. However, the following weaknesses were noted in SDE's procedures to ensure compliance with the 15 percent carryover limitation requirement:

- Testwork revealed for 9 out of 31 LEAs' tested, or 29 percent, a disbursement was made by SDE to the LEA prior to receiving a carryover amendment form from the LEA. These disbursements totaled approximately \$1.3 million. It could not be determined if these amounts related to allowable costs since information was not available at SDE to ascertain if funds disbursed were in excess of the 15 percent carryover limitation for the LEA.
- The carryover amendment form currently used only documents the LEA's original allocation amount and the amount of carryover funds. The form does not require the LEA to document and certify the total expenditures charged to the project year during the initial 15 month period based on the LEA's financial records, nor does it require the LEA to document and certify the amount of obligations/commitments outstanding at the end of the 15-month period per support on file at the LEA. Without this information being available on the carryover amendment form, the SDE cannot properly recalculate the LEA's allocation and amend the LEA's budget.
- SDE has not developed a system to ascertain how much of a LEA's allocation is not available to be used based on the 15 percent carryover amount per the carryover amendment form. Therefore, SDE does not have procedures to adjust the LEA's allocation in its budget system to ensure the LEA does not exceed its spending authority. Also, since SDE is not amending the LEA's budget based on the carryover amendment form, any funds that will not be used by the LEA are not being reallocated.

Good internal controls dictate that adequate policies and procedures be in place to ensure compliance with program requirements.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF EDUCATION (continued)

CFDA/Finding
Number

Finding and Recommendation

Recommendation:

We recommend the Mississippi State Department of Education strengthen its procedures over the carryover amendment review process. Disbursements should not be made to a local educational agency (LEA) prior to having an approved carryover amendment form on file. Also, we recommend the agency revise its carryover amendment form to include an amount for total expenditures at 15 months and an amount for encumbered obligations at 15 months. These amounts would enable the agency to recalculate a LEA's amended allocation and revise the LEA's allocation in its budget system, if applicable, to ensure the agency does not disburse funds to a LEA in excess of its amended spending authority amount.

REHABILITATION SERVICES

ALLOWABLE COSTS / COST PRINCIPLES

Reportable Condition

84.126 Rehabilitation Services - Vocational Rehabilitation Grants to States
96.001 Social Security - Disability Insurance

Federal Award Number and Year: Various

99-05 Procedures Should Be Developed to Adequately Support Salary and Wage Costs

Finding:

The Mississippi Department of Rehabilitation Services did not have a system in place to adequately document the salaries and wages charged to its federal programs. There was no time reporting system in place whereby employees documented time spent on grant related activities.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF EDUCATION (continued)

CFDA/Finding
Number

Finding and Recommendation

According to Office of Management and Budget Circular A-87, Attachment B, subsection B.11.h, charges to federal awards for salaries and wages, whether treated as direct or indirect, will be based on documented payrolls and certifications. When employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the prescribed standards, unless a statistical sampling system or other substitute has been approved by the granting federal agency. Such documentary support will be required when employees work on more than one federal award and/or a federal award and non-federal award. When employees work solely on a single award, charges for their salaries will be supported by semi-annual certifications signed by the employee certifying they worked solely on that program for the period covered by the certification.

Without a system in place to adequately document salaries and wages charged to a federal program, the costs may be determined to be unallowable.

Recommendation:

We recommend the Mississippi Department of Rehabilitation Services support salaries and wages charged to its federal programs in accordance with the standards prescribed by Office of Management and Budget Circular A-87, Attachment B. We further recommend certifications be prepared for employees who work solely on one program. These certifications should be prepared semi-annually for all federal programs and maintained on file.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF EDUCATION (concluded)

CFDA/Finding
Number

Finding and Recommendation

REHABILITATION SERVICES

SPECIAL TESTS AND PROVISIONS

Reportable Condition

84.126 Rehabilitation Services - Vocational Rehabilitation Grants to States

Federal Award Number and Year: Various

99-06 Controls Over the Preparation of Individual Written Rehabilitation Programs
Should Be Strengthened

Finding:

We reviewed 25 case files for the Rehabilitation Services- Vocational Rehabilitation Grants to States (VR) program at the Mississippi Department of Rehabilitation Services (agency). In 6 of 18 cases requiring individual written rehabilitation programs (IWRP), we noted individuals were receiving services that were not documented in the IWRP.

According to section 6.5 of the agency's Vocational Rehabilitation Policy Manual, "the IWRP should identify the VR services **necessary** to achieve the individual's chosen employment objective and how the client was informed about and involved in choosing among alternative services."

Without adequate documentation, it was difficult to determine whether the services received were necessary to achieve the individual's employment objective. In addition, it was not evident the individual was informed of alternative services.

Recommendation:

We recommend the Mississippi Department of Rehabilitation Services strengthen controls over the preparation of individual written rehabilitation programs. Amended programs should be prepared when new services are necessary.

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STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

CFDA/Finding
Number

Finding and Recommendation

HEALTH

ALLOWABLE COSTS / COST PRINCIPLES

Material Weakness

10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
93.268	Immunization Grants
93.994	Maternal and Child Health Services Block Grant to the States

Federal Award Number and Year: Various

99-01	<u>Data Security Controls Should Be Strengthened</u>
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Finding:

The Mississippi State Department of Health (agency) established a time study system to collect and analyze employee time report data to identify time worked by activities. The WANG computer system is used to input information for the time study system. Our review of data security for the WANG computer system indicated the following internal control weaknesses:

- The WANG security system, included with the operating system, was not being fully utilized.
- The system did not maintain an automated log or journal to record or monitor access to program documentation, systems software, production programs, production data files, on-line application systems, databases, or password tables.
- The system did not require user passwords to be changed on a regular basis.
- The WANG system analyst assigned passwords to all users.
- The system did not limit the number of invalid access attempts or allow invalid access attempts to be identified, logged or investigated.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding
Number

Finding and Recommendation

Guidelines for data security have been established in the Control Objectives for Information and Related Technology (CobiT, Section DS5). Without these controls, the agency's WANG computer system may be susceptible to computer abuse.

Recommendation:

We recommend the Mississippi State Department of Health develop data security controls over the WANG computer system. These controls should include, but are not limited to, the following:

- The existing WANG security system should be used to the full extent of its capabilities. If the existing system is inadequate, another product should be obtained. The security software package should help in restricting unauthorized personnel from accessing live data. The security software also should include an automated log or journal that would record or monitor access to program documentation, systems software, production programs, production data files, on-line application systems, databases, and password tables.
- Since password protection is the first line of defense against computer hackers and unauthorized access, the system should require all users to periodically change their passwords at least every 60 days.
- A log identifying invalid access attempts should be maintained and periodically reviewed. The number of invalid access attempts by computer users should be limited to three.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding
Number

Finding and Recommendation

HUMAN SERVICES

PERIOD OF AVAILABILITY OF FEDERAL FUNDS

Material Weakness / Material Noncompliance

93.658

Foster Care Title IV-E

Federal Award Number and Year: 9901-MS-1401, 1999
9901-MS-1404, 1999

Questioned Costs: \$7,047,645

99-17

Controls to Ensure Compliance with the Period of Availability Requirement
Should Be Implemented

Finding:

Based upon testwork performed at the Mississippi Department of Human Services on the Foster Care Title IV-E program's period of availability requirement, auditors could not determine if the prior quarter adjustments recommended by the Institute for Health and Human Services (IHHS), a third party contractor that determines eligibility for the foster care program, were for expenditures incurred within the two-year time limit. Original foster care rosters that were used to report the amounts of foster care payments were destroyed by the new project director of IHHS. The new project director concluded that the original rosters weren't mathematically correct, therefore he threw them away and created new rosters.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding
Number

Finding and Recommendation

Adjustments were made to the federal financial reports based on the differences between the total payments for children on the new rosters and the total payments for children on the original rosters. Since the original source documentation was discarded, auditors could not determine whether these adjustments were correct or within the period of availability. In addition, a new time study was implemented in order to reallocate payroll costs associated with county social workers. The entire amounts that were calculated in this new time study were charged as additional expenditures on the federal financial report. Adjustments for payroll costs should have only included the difference between the new figures and the original figures calculated in the time study. Auditors were unable to determine whether the original amounts calculated were previously included on the federal financial reports. Due to inadequate documentation, we considered the \$7,047,645 charged to this program during fiscal year 1999 as prior period adjustments to be questioned costs. The federal portion of questioned costs was \$3,606,645.

The Code of Federal Regulations (45 CFR 95.1, Subpart A) states "This subpart establishes a two-year time limit...for a State to claim Federal financial participation in expenditures..." Failure to claim expenditures within the two-year time limit could result in disallowance of the cost by the federal grantor.

Recommendation:

We recommend the Mississippi Department of Human Services (agency) implement procedures to ensure compliance with the period of availability requirement for the Foster Care Title IV-E program. In addition, the agency should implement procedures to ensure all source documentation is adequately safeguarded and available for audit review. The agency should also contact the federal grantor for resolution of the questioned costs.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding
Number

Finding and Recommendation

HUMAN SERVICES

ALLOWABLE COSTS / COST PRINCIPLES

Reportable Condition

93.563

Child Support Enforcement

Federal Award Number and Year: G-98-04-MS-4004, 1998
G-99-04-MS-4004, 1999

99-18

Reviews of Child Support Enforcement Expenditures Should Be Documented

Finding:

We tested 40 expenditures of the Child Support Enforcement program at the Mississippi Department of Human Services (agency) and noted the following control weaknesses:

- In 2 instances there was no evidence program personnel reviewed the expenditures for allowable costs.
- In 1 instance there was no evidence the expenditure had been reviewed by either program or accounting personnel for allowable costs.

Good internal controls require documented reviews of all expenditures to provide reasonable assurance federal awards are expended only for allowable activities. These reviews should be performed by individuals knowledgeable of the program requirements. Without written evidence, no clear audit trail existed to document the agency's control procedures were operating effectively.

Recommendation:

We recommend the Mississippi Department of Human Services adhere to existing policies regarding the review and approval of Child Support Enforcement program expenditures.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding
Number

Finding and Recommendation

HUMAN SERVICES

ALLOWABLE COSTS / COST PRINCIPLES

Reportable Condition

10.561	State Administrative Matching Grants for Food Stamp Program
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.658	Foster Care - Title IV-E
93.667	Social Services Block Grant

Federal Award Number and Year: Various

99-19 Changes to the Cost Allocation Plan Should Be Carefully Monitored

Finding:

Testwork on the cost allocation plan at the Mississippi Department of Human Services (agency) revealed the agency had over \$3,000,000 in costs charged from July 1998 to December 1998 to eight cost pools that were not approved by the federal government until January 1, 1999. The agency also had over \$1,500,000 in costs charged during fiscal year 1999 to six cost pools that were not approved by the federal government. The agency had not submitted information to the federal government for approval of these six cost pools as of June 30, 1999. Although the agency had established procedures for amending its cost allocation plan, these procedures were not effective in ensuring amendments were done promptly.

Internal control guidelines in Office of Management and Budget (OMB) Circular A-133 state management should monitor control procedures to ensure the quality of internal control performance over a period of time. In addition, OMB Circular A-87, Attachment A, requires the distribution of any joint costs related to a grant program to be supported by a cost allocation plan. Any costs charged to a cost pool that is not approved by the federal grantor agency may result in unallowed costs.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding
Number

Finding and Recommendation

Recommendation:

We recommend the Mississippi Department of Human Services (agency) exercise greater care in monitoring changes to its cost allocation plan. Management should routinely review the plan to identify when changes are needed.

When new cost pools are established or when changes have been identified, the agency should promptly request federal approval and provide all needed information to the federal government.

HUMAN SERVICES

CASH MANAGEMENT

Reportable Condition

10.561	State Administrative Matching Grants for Food Stamp Program
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.658	Foster Care - Title IV-E
93.667	Social Services Block Grant

Federal Award Number and Year: Various

99-20 Controls over Cash Management Should Be Strengthened

Finding:

We tested 40 cash draws at the Mississippi Department of Human Services and noted the following weaknesses:

- Although each request was signed by a supervisor, this supervisor told us he did not perform a detailed review of the request for accuracy.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding
Number

Finding and Recommendation

- In 21 instances, amounts requested from the federal grantor did not agree with the supporting worksheet provided to the auditor. Agency personnel did not have notes on these differences and could not give definite reasons for these differences.
- The agency did not have detailed written procedures for determining the amount of federal funds to request under various circumstances.

Internal control guidelines in Office of Management and Budget (OMB) Circular A-133 state there should be an appropriate level of supervisory review of cash management activities and there should be written procedures for requesting cash. Given the size and complexity of the agency's cash management system, good internal controls dictate the agency develop written policies and procedures for requesting federal funds, supervisory personnel review each cash draw for accuracy, and agency personnel keep detailed records on how cash requests were determined.

Inadequate controls over cash management could hinder the agency's ability to manage federal funds effectively and to comply with federal laws.

Recommendation:

We recommend the Mississippi Department of Human Services strengthen controls over cash management by implementing the following:

- Before signing the cash receipt document, supervisory personnel should review cash requests for accuracy.
- In addition to detailed worksheets, agency personnel should keep notes explaining why amounts requested from the federal grantor differed from the amounts calculated on the worksheets.
- The agency should develop written policies and procedures for requesting federal funds. These procedures should be sufficiently detailed to include various situations that occur during the normal course of business.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding
Number

Finding and Recommendation

HUMAN SERVICES

ELIGIBILITY

Reportable Condition

93.658

Foster Care - Title IV-E

Federal Award Number and Year: 9901-MS-1401, 1999
9901-MS-1404, 1999

99-21

Controls over Licensing Foster Care Homes and Facilities Should Be Strengthened

Finding:

We selected 23 foster care homes and 10 foster care facilities for testing at the Mississippi Department of Human Services (agency) and noted the following weaknesses:

- Two foster care home files could not be located by agency personnel.
- One foster care home relocated to another county. A relocation study should have been performed prior to June 30, 1999; however, it was not performed as of August 23, 1999, the date of our review.
- One foster care home file did not indicate whether the home assessment requirements had been met. The section of Form 450 used to document compliance was not completed.
- One foster care home file did not have documentation of the required 12 hours of training for the foster care parents.
- Two foster care facility files for out-of-state residential treatment facilities did not include current licenses.

STATE OF MISSISSIPPI

Schedule of Findings and Questioned Costs

Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding

Number

Finding and Recommendation

The foster care procedures manual, Volume IV, contains the agency's policies for licensing foster care homes and facilities. Section K of the manual requires each home or facility to be licensed and requires a change of license within 60 days of the date a foster care home or facility moves. These policies also include requirements for home assessments and relocation studies. In addition, they require 12 hours of in-service training during each licensing period for each foster care parent. Federal and state regulations require the agency to maintain detailed records of case files.

Failure to follow established policies could allow foster care children to be placed in homes or facilities that do not meet eligibility standards. Failure to maintain complete records could result in the loss of vital documentation and hamper the agency's ability to ensure only eligible homes and facilities receive federal assistance.

Recommendation:

We recommend the Mississippi Department of Human Services strengthen controls to ensure existing policies are followed when evaluating and licensing foster care homes and facilities. We further recommend the agency's foster care unit establish effective procedures for the maintenance of agency records.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding
Number

Finding and Recommendation

HUMAN SERVICES

ELIGIBILITY

Reportable Condition

93.658

Foster Care - Title IV-E

Federal Award Number and Year: 9901-MS-1401, 1999
9901-MS-1404, 1999

99-22

Eligibility Review Procedures for the Foster Care Program Should Be Strengthened

Finding:

We tested 40 foster care children case files at the Mississippi Department of Human Services and noted the following problems:

- One case file did not have the proper date of birth and social security number verifications.
- One case file was incorrect by identifying the child by the wrong last name. All records of the agency indicated the wrong last name, and payments were made on behalf of the wrong last name.
- Court orders in two case files did not contain the proper language for federal funding, although foster care payments were made through Title IV-E of the Foster Care program.
- Six instances were noted where the original Form MDHS-SS-443 was not in the case files. Only copies or faxed copies were in the files.

Good internal controls dictate the state agency implement appropriate procedures to ensure the accuracy and completeness of data used to determine eligibility. The agency's foster care procedures manual states "Title IV-E funds will not be used without verification of the child's age documented in the ...case record." It also states Form MDHS-SS-443 must be completed and the original submitted to the state office where it will be kept in the child's eligibility file. The procedures manual also addresses the specific language requirements of court orders in determining Title IV-E eligibility.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding
Number

Finding and Recommendation

Noncompliance with the above requirements could result in an incorrect board rate being paid on behalf of the child or Title IV-E funds being paid on behalf of children that are not IV-E eligible.

Recommendation:

We recommend the Mississippi Department of Human Services strengthen review procedures to ensure eligibility determinations are accurate and complete. When changes are made to existing case files, supervisory personnel should review the original case files in conjunction with the approval of the change request Form 190-F.

HUMAN SERVICES

MATCHING, LEVEL OF EFFORT, EARMARKING

Reportable Condition

93.558

Temporary Assistance for Needy Families

Federal Award Number and Year: 9801MSTANF, 1998

99-23

TANF Federal Reports Should Agree with Agency Records

Finding:

Expenditures reported to the federal grantor for the period ended September 30, 1998, by the Mississippi Department of Human Services on the Temporary Assistance for Needy Families (TANF) quarterly financial report (ACF-196) for the 1998 TANF grant did not agree with agency accounting records. Modifications were made to expenditures in order to meet the maintenance of effort requirement. However, these modifications were not reflected on the agency's accounting records. Based upon testwork performed, auditors could not determine if the program met the required maintenance of effort level. Although the agency reported \$23,172,595 as State TANF Expenditures (MOE) on the ACF-196 quarterly report, the accounting records indicate the program only expended \$15,798,101 of State money.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding
Number

Finding and Recommendation

Good internal controls dictate financial information reported to the federal grantor should agree with agency records. Control procedures should be in place to ensure agency records accurately reflect actual expenditures as reported to the federal grantor.

Recommendation:

We recommend the Mississippi Department of Human Services strengthen control procedures to ensure agency records accurately reflect expenditures as reported to the federal grantor. Differences between the agency accounting records and federal reports that were noted above should be resolved immediately.

HUMAN SERVICES

PROCUREMENT AND SUSPENSION AND DEBARMENT

Reportable Condition

93.658

Foster Care - Title IV-E

Federal Award Number and Year: 9901-MS-1401, 1999
9901-MS-1404, 1999

99-24

Competitive Procurement Practices Should Be Followed

Finding:

The Mississippi Department of Human Services - Division of Families and Children Services (agency) did not award its fiscal year 1999 purchase of service contracts for the foster care program in a competitive manner. Although agency management reviewed procurement decisions for compliance with federal regulations, management made the decision to renew existing contracts and not seek competitive bids for services.

The Code of Federal Regulations (45 CFR 74.43) states all procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition. Failure to comply with federal procurement regulations could result in an unfair competitive advantage for some contractors and impair the agency's objectivity in evaluating contractor performance.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding
Number

Finding and Recommendation

Recommendation:

We recommend the Mississippi Department of Human Services - Division of Families and Children Services follow competitive bidding procedures in the awarding of all contracts for the foster care program.

HUMAN SERVICES

SPECIAL TESTS AND PROVISIONS

Reportable Condition

93.563

Child Support Enforcement

Federal Award Number and Year: 9804-MS-4004, 1998
9904-MS-4004, 1999

99-25

Controls over the Child Support Enforcement Bank Accounts Should Be Improved

Finding:

The Mississippi Department of Human Services implemented the Mississippi Enforcement and Tracking Support System (METSS) in 1995 to monitor child support enforcement and collection activities. As part of this system, the agency established METSS bank accounts in each county office and at the state office.

During fiscal year 1999, the agency implemented the Central Receipting and Disbursement Unit (CRDU) to be the single point of child support collections and distributions as required by federal regulations. As a result of implementing the CRDU, the agency had begun the process of closing all county METSS bank accounts. However, the state office METSS bank account was still being used to make distributions to custodial parents. The CRDU has a separate bank account in which the child support collections are initially deposited and then transferred to the state office METSS bank account.

STATE OF MISSISSIPPI

Schedule of Findings and Questioned Costs

Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding

Number

Finding and Recommendation

Our review of the policies and procedures related to these bank accounts revealed the following weaknesses:

- The reconciliation process of both the state office METSS and CRDU bank accounts were not being performed promptly. When we reviewed the METSS bank accounts in June 1999, the agency was in the process of reconciling the January 1999 bank statements. When we reviewed the CRDU bank accounts in August 1999, the agency was in the process of reconciling the February 1999 bank statements.
- The reconciliation of the state office METSS bank account included unexplained differences that dated back to 1995. Several of these amounts exceed \$100,000.
- The reconciliation of the state office METSS bank account did not include a comparison to the actual county bank accounts to ensure all funds transferred from the county accounts were properly reflected on the state office METSS account.
- The reconciliations of the CRDU bank account were not being performed by individuals independent of the cash receipt functions.
- Checks received for the CRDU bank account were not being restrictively endorsed at the earliest possible moment.
- Service fees on the CRDU bank account were being paid from child support collections that were due to custodial parents.
- The agency was charged for check printing and checks processed against the CRDU bank account. No checks should have been written on the CRDU account.
- We noted several instances in which checks included on the deposit slips to the CRDU bank account were not actually submitted for deposit to the bank. The bank reduced the deposits for these missing checks.

A good system on internal controls would include timely, independent and adequate reconciliation procedures over cash receipts, as well as adequate safeguarding of the assets.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding
Number

Finding and Recommendation

The control weaknesses cited above for the state office METSS bank account were also cited in each Single Audit Report for fiscal years 1995, 1996, 1997 and 1998 and also cited in an internal audit report issued January 3, 1996, by the Division of Program Integrity.

Recommendation:

We recommend the Mississippi Department of Human Services strengthen its present internal control procedures for the Child Support Enforcement program's bank accounts. These procedures should include the following:

- Perform prompt reconciliations between METSS and the state office METSS bank statements and CRDU bank statements.
- Explain and resolve any differences noted during the reconciliation process immediately.
- Perform reconciliations between METSS and the local county bank accounts before closing the county METSS bank accounts
- Develop separation of duties for the reconciliation of the CRDU bank account. An individual independent of the cash receipt functions should reconcile the bank account.
- Restrictively endorse checks received for the CRDU bank account at the earliest possible moment.
- Cease the practice of paying bank service fees from child support collections due to custodial parents. The CRDU should confer with the agency's Division of Budgets and Accounting to obtain reimbursement to the bank account for the service fees paid as well as the check printing fees paid. All checks written against the CRDU account should be investigated and resolved. No additional checks should be written on this account.
- Implement and enforce procedures to ensure all checks included on the deposit slips are safeguarded and actually submitted to the bank.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA /Finding
Number

Finding and Recommendation

MEDICAID

ACTIVITIES ALLOWED OR UNALLOWED

Immaterial Noncompliance

93.778

Medical Assistance Program

Federal Award Number and Year: 05-9905MS5028, 1999

Questioned Costs: \$415,624

99-14

Inpatient Hospital Rates Should Be Computed Accurately

Finding:

At the Office of the Governor - Division of Medicaid, we noted 20 of the 20, or 100 percent, inpatient hospital per diem rates tested were not calculated in accordance with the Mississippi Medicaid State Plan. We noted the following problems:

- Twenty instances in which the agency personnel used incorrect "inflation" and "education inflation" factors in preparing rate setting data sheets;
- One instance in which "Paid Nursery Days" were carried forward incorrectly to the rate setting data sheet;
- One instance in which "Education Costs" were included twice in the routine cost component of the hospitals per diem rate.

When brought to the attention of management, agency personnel recalculated per diem rates for the hospitals tested by the auditor. Using the total number of days paid for claims submitted by hospitals for the service period October 1, 1998, through June 30, 1999, the total estimated overpayments for the sample tested calculated to be \$415,624, of which \$319,116 represents the federal share.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding
Number

Finding and Recommendation

Rate setting data sheets are used to calculate hospital per diem rates. Due to the nature of the errors, it will be necessary for the agency to recalculate inpatient rates for all hospitals.

Recommendation:

We recommend the Office of the Governor - Division of Medicaid ensure all inpatient rates for hospitals are recalculated in accordance with the Mississippi Medicaid State Plan. We further recommend that the agency adjust claims payment histories and provide documentation to auditors for follow-up purposes.

MEDICAID

ACTIVITIES ALLOWED OR UNALLOWED

Reportable Condition

93.778

Medical Assistance Program

Federal Award Number and Year: 05-9905MS5028, 1999

99-15

Internal Controls over Computation of Long-Term Care Facility Rates Should Be Strengthened

Finding:

During our audit at the Office of the Governor - Division of Medicaid, we noted long-term care facility per diem rates for fiscal year 1999 were not calculated in accordance with the Mississippi Medicaid State Plan. The State Plan, Attachment 4.19-D Sections 3-7 states "adjustments will be made to the rates as necessary to comply with changes in state or federal law or regulation." Fiscal year 1999 per diem rates are based on 1997 long-term care facility cost reports. A change in the federal minimum wage effective September 1, 1997, required an adjustment to the fiscal year 1999 per diem rates. To ensure per diem rates properly reflected the increase in the minimum wage, the Division of Medicaid included an "add-on" to long-term care facility rates calculated for fiscal year 1999. Testwork performed on 20 long-term care facilities revealed a systematic problem in the calculation.

STATE OF MISSISSIPPI

Schedule of Findings and Questioned Costs

Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding

Number

Finding and Recommendation

The increase to the federal minimum wage was included in the facilities' cost reports for September through December, or four months, therefore the "add-on" should have been calculated using eight months. Agency personnel calculated the "add-on" using nine months. This error resulted in underpayments to 13, or 70 percent, of the long-term care facilities selected in our sample. Agency personnel provided total paid days per facility for our sample. Total underpayment to long-term care facilities tested was calculated to be approximately \$32,919, of which the federal share is approximately \$25,275.

Recommendation:

We recommend the Office of the Governor - Division of Medicaid strengthen internal controls over calculation of per diem rates for long-term care facilities to ensure that rates comply with the Mississippi Medicaid State Plan. We further recommend the agency adjust payments to long-term care facilities paid in error. Documentation that adjustments were made should be provided to the auditors by the agency for follow-up purposes.

MEDICAID

REPORTING

Reportable Condition

93.767

State Children's Insurance Program (CHIP)

Federal Award Number and Year: 05-9905MS5021, 1999

99-13

Internal Controls over Reporting Should Be Strengthened

Finding:

The Office of the Governor - Division of Medicaid did not have adequate internal controls in place to ensure expenditures reported on the quarterly federal financial reports for the State Children's Insurance Program (CHIP) were accurate.

STATE OF MISSISSIPPI

Schedule of Findings and Questioned Costs

Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding

Number

Finding and Recommendation

Our review of the fiscal year 1999 federal financial reports (HCFA-64.21U and HCFA-64.21UP) for the CHIP program indicated the agency did not accurately report CHIP expenditures for the fiscal year. The errors noted related to the agency's determination of recipient age and pregnancy status. When these errors were brought to the attention of management, adjustments were included on subsequent quarterly federal financial reports. Because federal funds were not drawn for the CHIP program until August 1999, after the time the reports were corrected, it does not appear that federal funds were improperly drawn.

Recommendation:

We recommend the Office of the Governor - Division of Medicaid strengthen internal controls over federal financial reporting to ensure expenditures reported on the HCFA-64.21U and the HCFA-64.21UP quarterly federal financial reports for the CHIP program are accurate.

MEDICAID

SPECIAL TESTS AND PROVISIONS

Immaterial Noncompliance

93.778

Medical Assistance Program

Federal Award Number and Year: 05-9905MS5028, 1999

99-16

Audits of Long-Term Care Facility Cost Reports Should Be Performed in Accordance with the State Plan

Finding:

The Office of the Governor - Division of Medicaid failed to conduct audits of long-term care facility cost reports in accordance with the Mississippi Medicaid State Plan. Attachment 4.19D, page 22, states "audits will be performed each year on at least 25 percent of the long-term care facilities certified for Title XIX." For fiscal year 1999, the Division of Medicaid certified 187 long-term care facilities; 46 should have received a cost report audit. Review of agency records revealed that ten, or five percent, of long-term care facilities were audited.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding
Number

Finding and Recommendation

Failure to conduct audits of at least 25 percent of long-term care facilities annually results in noncompliance with the State Plan, and furthermore, could result in inaccurate payments to providers due to the possibility of unallowable costs being reported in provider cost reports.

Recommendation:

We recommend the Office of the Governor - Division of Medicaid comply with the Mississippi Medicaid State Plan by ensuring that all required audits are performed on an annual basis.

MENTAL HEALTH

MATCHING, LEVEL OF EFFORT, EARMARKING

Reportable Condition

93.959 Block Grants for the Prevention and Treatment of Substance Abuse

Federal Award Number and Year: 98B1MSSAPT, 1998

99-09 Internal Controls over Earmarking Requirements Should Be Strengthened

Finding:

The Mississippi Department of Mental Health did not routinely document, based on actual expenditures, that earmarking requirements were met for specific block grant years for the Block Grants for the Prevention and Treatment of Substance Abuse program. Federal regulations (42 USC 300x-22) require the state expend not less than 35 percent for prevention and treatment activities regarding alcohol, not less than 35 percent for prevention and treatment activities regarding other drugs, not less than 20 percent for primary prevention programs for individuals who do not require treatment for substance abuse, and not less than 5 percent for treatment services designed for pregnant women and women with dependent children. Without proper documentation, we were unable to determine that earmarking requirements were met.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding
Number

Finding and Recommendation

Recommendation:

We recommend the Mississippi Department of Mental Health document, based on actual expenditures, that earmarking requirements are met for specific block grant years in accordance with federal regulations. We further recommend the department continue to account for the allocation and expenditure of each federal grant award separately so compliance with federal regulations can be documented.

MENTAL HEALTH

MATCHING, LEVEL OF EFFORT, EARMARKING

Reportable Condition

93.959

Block Grants for the Prevention and Treatment of Substance Abuse

Federal Award Number and Year: 98B1MSSAPT, 1998

99-10

Internal Controls over Earmarking Requirements for HIV Services Should Be Strengthened

Finding:

Federal regulations (42 USC 300x-24b) require the state expend not less than two percent nor more than five percent for HIV services from the Block Grant for Prevention and Treatment of Substance Abuse (SAPT). The Mississippi Department of Mental Health did not identify expenditures for HIV services for the SAPT block grant during fiscal year 1999. Without proper documentation, we were unable to determine that earmarking requirements were met.

Recommendation:

We recommend the Mississippi Department of Mental Health identify expenditures for HIV services provided in order to ensure that earmarking requirements are met in accordance with federal regulations.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (concluded)

CFDA/Finding
Number

Finding and Recommendation

MENTAL HEALTH

MATCHING, LEVEL OF EFFORT, EARMARKING

Reportable Condition

93.959 Block Grants for the Prevention and Treatment of Substance Abuse

Federal Award Number and Year: 98B1MSSAPT, 1998

99-26 Internal Controls Over Level of Effort Requirements Should Be Strengthened

Finding:

Federal Regulations (42 USC 300x-30) governing the Block Grants for the Prevention and Treatment of Substance Abuse (SAPT) state that for each fiscal year the state must maintain aggregate state expenditures for authorized activities at a level that is not less than the average level of such expenditures maintained by the state for the two fiscal years preceding the fiscal year for which the state is applying for the grant. Compliance with the level of effort requirement for a given year is documented and reported in the following year's grant application. Our review of the 1998 SAPT grant level of effort expenditures reported by the Mississippi Department of Mental Health on the fiscal year 1999 SAPT grant application revealed that expenditures for state fiscal years 1996, 1997, and 1998 did not agree with agency accounting records. In addition, agency personnel could not provide documentation to support expenditures reported on the grant application. Good internal controls dictate financial information reported to the federal grantor agree with agency records. Without proper documentation, we could not determine if the agency complied with the level of effort requirement for the 1998 SAPT grant.

Recommendation:

We recommend the Mississippi Department of Mental Health strengthen internal controls over level of effort requirements to ensure that agency expenditures are properly reported on the grant applications.

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STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

SOCIAL SECURITY ADMINISTRATION

CFDA/Finding
Number

Finding and Recommendation

REHABILITATION SERVICES

ALLOWABLE COSTS / COST PRINCIPLES

Reportable Condition

84.126 Rehabilitation Services - Vocational Rehabilitation Grants to States
96.001 Social Security - Disability Insurance

Federal Award Number and Year: Various

99-05 Procedures Should Be Developed to Adequately Support Salary and Wage Costs

Finding:

The Mississippi Department of Rehabilitation Services did not have a system in place to adequately document the salaries and wages charged to its federal programs. There was no time reporting system in place whereby employees documented time spent on grant related activities.

According to Office of Management and Budget Circular A-87, Attachment B, subsection B.11.h, charges to federal awards for salaries and wages, whether treated as direct or indirect, will be based on documented payrolls and certifications. When employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the prescribed standards, unless a statistical sampling system or other substitute has been approved by the granting federal agency. Such documentary support will be required when employees work on more than one federal award and/or a federal award and non-federal award. When employees work solely on a single award, charges for their salaries will be supported by semi-annual certifications signed by the employee certifying they worked solely on that program for the period covered by the certification.

Without a system in place to adequately document salaries and wages charged to a federal program, the costs may be determined to be unallowable.

STATE OF MISSISSIPPI

Schedule of Findings and Questioned Costs

Part 3 - Federal Award Findings and Questioned Costs (concluded)

SOCIAL SECURITY ADMINISTRATION (concluded)

CFDA/Finding

Number

Finding and Recommendation

Recommendation:

We recommend the Mississippi Department of Rehabilitation Services support salaries and wages charged to its federal programs in accordance with the standards prescribed by Office of Management and Budget Circular A-87, Attachment B. We further recommend certifications be prepared for employees who work solely on one program. These certifications should be prepared semi-annually for all federal programs and maintained on file.

II. SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS



STATE OF MISSISSIPPI

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 1999

Instructions to Management

Each state grantee agency included in the prior year Single Audit Report for the State of Mississippi prepared a summary schedule of prior federal audit findings as required by OMB Circular A-133, Section 315 (b). In order to provide a systematic approach for reporting, agencies were asked to follow the format listed below.

For each prior year federal audit finding, the agency should include the following: (1) finding identification including finding number, finding heading, *Catalog of Federal Domestic Assistance* (CFDA) number and program name, (2) current status, and (3) planned corrective action, if required. These items are discussed below:

- (1) Each finding number, finding heading, CFDA number, and program name should be listed in the same sequence as presented in the prior year Single Audit Report.
- (2) The current status should be identified with one of the following terms:
 - a. "Fully Corrected" - All corrective action has been taken.
 - b. "Partially Corrected" - Some, but not all, corrective action has been taken.
 - c. "Not Corrected" - Corrective action has not been taken.
 - d. "Not Valid" - Finding is no longer valid and does not warrant further action.
- (3) Corrective action should be noted for findings that are not identified as "Fully Corrected."
 - a. When audit findings are "Partially Corrected" or "Not Corrected," describe the planned corrective action as well as any partial corrective action taken.
 - b. When audit findings are "Not Valid," describe the reasons the findings are no longer considered valid or do not warrant further action.

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STATE OF MISSISSIPPI

**SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 1999**

INDEX LISTED BY FINDING NUMBER

<u>FINDING NUMBER</u>	<u>STATE AGENCY NAME</u>	<u>PAGE NUMBER</u>
97-4	Mental Health	121
97-5	Mental Health	121
97-8	Medicaid	119
97-11	Human Services	111
97-12	Human Services	111
97-13	Human Services	111
97-16	Medicaid	119
97-21	Health	109
97-22	Human Services	112
97-23	Human Services	112
97-24	Human Services	112
97-26	Human Services	113
98-12	Mental Health	122
98-13	Mental Health	122
98-14	Mental Health	123
98-15	Health	109
98-17	Medicaid	119
98-19	Medicaid	119
98-20	Medicaid	119
98-21	Medicaid	119
98-23	Education	107
98-24	Education	107
98-25	Education	107
98-26	Economic and Community Development	105
98-27	Economic and Community Development	105

STATE OF MISSISSIPPI
Summary Schedule of Prior Federal Audit Findings
Index Listed by Finding Number (concluded)

<u>FINDING NUMBER</u>	<u>STATE AGENCY NAME</u>	<u>PAGE NUMBER</u>
98-28	Human Services	116
98-29	Human Services	117
98-30	Human Services	114
98-31	Human Services	114
98-32	Human Services	117
98-33	Human Services	114
98-34	Human Services	114
98-35	Human Services	114
98-36	Human Services	117
98-37	Human Services	115
98-38	Rehabilitation Services	125
98-39	Rehabilitation Services	125

STATE OF MISSISSIPPI

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 1999

INDEX LISTED BY STATE GRANTEE AGENCY

<u>STATE AGENCY NAME</u>	<u>FINDING NUMBER</u>	<u>PAGE NUMBER</u>
Economic and Community Development	98-26	105
Economic and Community Development	98-27	105
Education	98-23	107
Education	98-24	107
Education	98-25	107
Health	97-21	109
Health	98-15	109
Human Services	97-11	111
Human Services	97-12	111
Human Services	97-13	111
Human Services	97-22	112
Human Services	97-23	112
Human Services	97-24	112
Human Services	97-26	113
Human Services	98-28	116
Human Services	98-29	117
Human Services	98-30	114
Human Services	98-31	114
Human Services	98-32	117
Human Services	98-33	114
Human Services	98-34	114
Human Services	98-35	114
Human Services	98-36	117
Human Services	98-37	115
Medicaid	97-8	119
Medicaid	97-16	119
Medicaid	98-17	119
Medicaid	98-19	119
Medicaid	98-20	119
Medicaid	98-21	119

STATE OF MISSISSIPPI
Summary Schedule of Prior Federal Audit Findings
Index Listed by State Grantee Agency (concluded)

<u>STATE AGENCY NAME</u>	<u>FINDING NUMBER</u>	<u>PAGE NUMBER</u>
Mental Health	97-4	121
Mental Health	97-5	121
Mental Health	98-12	122
Mental Health	98-13	122
Mental Health	98-14	123
Rehabilitation Services	98-38	125
Rehabilitation Services	98-39	125



**STATE OF MISSISSIPPI
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT**

**JAMES C. BURNS, JR.
EXECUTIVE DIRECTOR**

**SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
For the Year Ended June 30, 1999**

98-26 Documentation of Earmarking Requirements Should Be Maintained

CFDA #14.239 HOME Investment Partnerships Program

PARTIALLY CORRECTED

MDECD staff has established procedures to ensure summary data is maintained to document compliance with earmarking requirements. MDECD staff prepared CSD Policy Statement Number 99-001 to the recipients of rental housing requiring that monthly rent rolls be submitted in order to monitor the projects that are occupied. A check sheet has been established for staff to monitor on-site the incomes of each tenant and compare with the area median income. A spreadsheet is maintained for each project in each program year to record the income compliance. Once all projects in each year have been closed, verification will be documented that not less than 90% of the families assisted were families whose annual income does not exceed 60 percent of the median family income for the area. This data will be sufficiently detailed and logically organized to facilitate the audit review.

98-27 Internal Controls Over On-Site Inspections Should Be Strengthened

CSDA #14.239 HOME Investment Partnerships Program

PARTIALLY CORRECTED

Although MDECD had prepared a spreadsheet indicating the inspection due dates, lack of staff delayed our conducting the inspections which had come due. Despite this delay in conducting our own on-site inspections, monthly inspections were occurring in the field, and we were receiving documentation which assured that quality standards were maintained and repairs were completed when needed. MDECD has implemented procedures to ensure performance of timely on-site inspections and compliance with property standards for the HOME Investment Partnerships Program. MDECD staff has scheduled inspections of the two projects that were due in the 1992 program year, as well as, the onsite inspections on the due 1993 projects.

Page 2
February 7, 2000

MDECD staff has developed an inspection checklist to ensure compliance with the property standards. Documentation will be maintained in an auditable form that sufficient samples of the units were inspected.

Signed: 

Title: Executive Director

DATE: February 9, 2000



STATE OF MISSISSIPPI
DEPARTMENT OF EDUCATION

Richard L. Thompson
State Superintendent of Education

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
For the Year Ended June 30, 1999

98-23 Internal Controls over Subrecipient Monitoring Should Be Strengthened

CFDA #84.010 Title I Grants to Local Educational Agencies

FULLY CORRECTED

98-24 Internal Controls over Subrecipient Monitoring Should Be Strengthened

CFDA #84.276 Goals 2000 - State and Local Education Systematic
Improvement Grants

FULLY CORRECTED

98-25 Agency Should Ensure Comparability Requirement is Met

CFDA #84.010 Title I Grants to Local Educational Agencies

FULLY CORRECTED

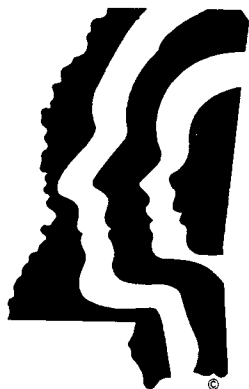
Signed:


Richard L. Thompson
State Superintendent of Education

Date:

August 23, 1999

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MISSISSIPPI
STATE DEPARTMENT OF
HEALTH

2423 North State Street
Post Office Box 1700
Jackson, Mississippi
39215-1700

601/576-7400
601/576-7364 FAX

F. E. Thompson, Jr., MD, MPH
State Health Officer

SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
For the Year Ended June 30, 1999

97-21 Internal Controls Over the Time Study System Should Be Strengthened

10.557 Special Supplemental Nutrition Program for Women,
Infants, and Children
93.268 Childhood Immunization Grants
93.994 Maternal and Child Health Services Block Grant to the
States

NOT VALID

This finding contained two control weakness areas. The area that is reportable to the federal programs has been corrected. We continue to work on the other area that is not reportable to the federal programs.

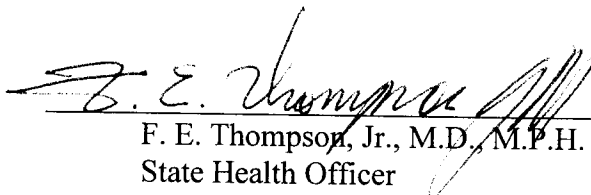
98-15 Data Security Controls Should Be Strengthened

10.557 Special Supplemental Nutrition Program for Women,
Infants, and Children
93.268 Immunization Grants
93.994 Maternal and Child Health Services Block Grant to the
States

PARTIALLY CORRECTED

The finding regarding time study data file access has been corrected. As noted in our response April 7, 1999, software enhancement to the agency's Wang computer system will be implemented by October 1, 1999. We anticipate full implementation of the enhancements by that date.

Signed:


F. E. Thompson, Jr., M.D., M.P.H.
State Health Officer

Date:



sp

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STATE OF MISSISSIPPI
DEPARTMENT OF HUMAN SERVICES

BETTYE WARD FLETCHER
EXECUTIVE DIRECTOR

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
For the Year Ended June 30, 1999

97-11 CCDBG Federal Reports Should Agree with Agency Reports

93.575 Child Care and Development Block Grant

FULLY CORRECTED

97-12 Cost Allocation Plan should be Amended Timely

93.558 Temporary Assistance for Needy Families
93.575 Child Care and Development Block Grant
93.667 Social Services Block Grant

PARTIALLY CORRECTED

Partially corrected for removal of expenditures erroneously recorded in four pools. The total amounts in the pools could not be reversed until sufficient expenditures were recorded to offset the adjustment. These journal entries will be completed as expenditures are posted, but may never be zeroed out.

97-13 Subrecipient Audits Should be Received Timely

93.558 Temporary Assistance for Needy Families
93.575 Child Care and Development Block Grant
93.667 Social Services Block Grant

PARTIALLY CORRECTED

The Agency is still in the process of revising the MDHS Subgrantee/ Contractor

Manual. Upon implementation of the revised subgrantee manual the Agency will have fully implemented the corrective actions.

97-22 Internal Controls Over METTS Bank Account Should be Improved

93.563 Child Support Enforcement

PARTIALLY CORRECTED

- . Procedures were implemented in January, 1998 to reconcile the METSS Bank Account (999 account on books) to the actual METSS bank account located at Deposit Guaranty National Bank/First American.
- . This reconciliation is being done on a monthly basis. Irreconcilable differences continue to exist even though we went back to METSS inception. We will continue our efforts in analyzing transactions that may affect the reconciliation process.
- . The unexplained differences are believed to be erroneous amounts resulting from irregularities of the bank, the METSS system, and adjustments made by county and state office staff dating back to the inception of METSS.
- . The county Child Support bank accounts are targeted for closure by June 30, 2000. A reconcillation of each county actual bank account balance to the METSS county bank account balance will be completed prior to each bank account closure. Once all county bank accounts are closed an adjustment will be made to the METSS (999 account) for any unexplained differences upon review/approval by appropriate division authorities.

97-23 Adjustments of OCSE-34 Report Should be Supported

93.563 Child Support Enforcement

FULLY CORRECTED

97-24 Agency Should Follow Established Policies for the Child Support

Enforcement

Program

93.563 Child Support Enforcement

• Location

FULLY CORRECTED

• Established Paternity

FULLY CORRECTED

• Established Support Obligation

FULLY CORRECTED

• Enforcement of Support Obligation

FULLY CORRECTED

• Separation of Duties for Handling Cash

FULLY CORRECTED

97-26 Controls Should be Established to Ensure Treasury-State Agreement is Followed

93.667 Social Services Block Grant

FULLY CORRECTED

98-30 Controls Should Be Established to Ensure Treasury-State Agreement is Followed

93.667 Social Services Block Grant

FULLY CORRECTED

98-31 Case Files Should Be Reviewed for Accuracy

93.658 Foster Care - Title IV-E

FULLY CORRECTED

98-33 CCDBG Federal Reports Should Agree with Agency Records

93.575 Child Care and Development Block Grant

FULLY CORRECTED

98-34 Foster Care Program Expenditure Reports and Agency Records Should Be Accurate

93.658 Foster Care - Title IV-E

PARTIALLY CORRECTED

Fully corrected concerning manual checks. In addition, the expenditures reported by the third party contractor, IHHS, will be reflected in our accounting records, upon completion of adjustments to reclassify grant expenditures. Corrections are still in process.

98-35 Controls Should be Strengthened for Monitoring Subrecipient Audit Requirements

93.558 Temporary Assistance for Needy Families

93.575 Child Care and Development Block Grant

93.596 Child Care Mandatory Matching Funds of the Child Care
and Development Fund
93.667 Social Services Block Grant

PARTIALLY CORRECTED

1. Audit and Evaluation (A&E) has issued a written reminder to each subrecipient emphasizing the audit requirements and the approaching deadline for submission of the audit report. The first reminder letter for FY 1998 audits was sent on June 1, 1999, which was two months prior to the earliest deadline for submitting an audit which is applicable to fiscal years that ended June 30, 1998. To further prevent recurrences of this finding, A&E sent a second reminder letter on September 13, 1999, to subrecipients that had not responded to the first reminder letter.
2. A&E has revised its audit review procedures beginning with FY 1998 audits reviewed after April 1, 1999, to establish the deadline for resolving audit findings at six months from the date the audit is received by A&E. If the review of the audit indicates the audit is incomplete or if the audit is rejected, then the deadline will be six months from the date the complete revised audit report is received by A&E.
3. As part of our proposed corrective action plan, A&E proposed revising the MDHS Subgrantee/Contractor Manual. The MDHS Subgrantee/ Contractor Manual has not been revised nor have subgrants been revised to include the Subrecipient's fiscal year end date or assurances that the subrecipient will submit the subrecipient Audit Information Form and/or the required audit report within the applicable deadlines. Instead, A&E has restructured its reporting deadlines assuming the earliest possible fiscal year end date (June 30) for all subrecipients.

98.37

Internal Controls over METSS Bank Accounts Should be Improved

93.563 Child Support Enforcement

METSS Bank Reconciliation

PARTIALLY CORRECTED

- . Procedures were implemented in January, 1998 to reconcile the METSS Bank Account (999 account on books) to the actual METSS bank account located at Deposit Guaranty National Bank/First American.
- . This reconciliation is being done on a monthly basis. Irreconcilable differences continue to exist even though we went back to METSS inception. We will continue our efforts in analyzing transactions that may affect the reconciliation process.
- . The unexplained differences are believed to be erroneous amounts resulting from irregularities of the bank, the METSS system, and adjustments made by county and state office staff dating back to the inception of METSS.
- . The county Child Support bank accounts are targeted for closure by June 30, 2000. A reconciliation of each county actual bank account balance to the METSS county bank account balance will be completed prior to each bank account closure. Once all county bank accounts are closed an adjustment will be made to the METSS (999 account) for any unexplained differences upon review/approval by appropriate division authorities.
- . Separation of Duties in State Office

FULLY CORRECTED

- . METSS System Reconciliation

FULLY CORRECTED

98-28

Contingency Based Costs Are Not Allowable

93.658 Foster Care - Title IV-E

FULLY CORRECTED

98-29

Cost Allocation Plan Should Be Amended Timely

93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.658	Foster Care - Title IV-E
93.667	Social Services Block Grant

PARTIALLY CORRECTED

A Cost Allocation Plan Revision has been submitted, but approval has not been received.

98-32

Adjustments to OCSE-34 Report Should be Supported

93.563 Child Support Enforcement

FULLY CORRECTED

98-36

Agency Should Follow Established Policies for the Child Support Enforcement Program

93.563 Child Support Enforcement

- Establishment of Support Orders

FULLY CORRECTED

- Enforcement of Support Orders

Based on our response to the finding last year, no corrective

action was taken.

Health Insurance

Based on our response to the finding last year, no corrective action was taken.

Signature B. Leland Hatch

Title Executive Director

Date February 23, 2000



STATE OF MISSISSIPPI

OFFICE OF THE GOVERNOR
DIVISION OF MEDICAID

ANNA MARIE BARNES
EXECUTIVE DIRECTOR

**SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
For the Year Ended June 30, ~~1998~~ 1999**

97-8 Internal Controls Over Desk Reviews and Audits Should be Strengthened

CFDA #93.778 Medical Assistance Program

FULLY CORRECTED

97-16 Internal Control Over Provider Rate and Claims Adjustments Should be Improved

CFDA #93.778 Medical Assistance Program

FULLY CORRECTED

98-17 Internal Controls over Computer Maintenance and Enhancement Requests Should be Strengthened

CFDA #93.778 Medical Assistance Program

FULLY CORRECTED

98-19 Rate Setting Data Sheets for Inpatient Hospitals Should be Accurate

CFDA #93-778 Medical Assistance Program

FULLY CORRECTED

98-20 Internal Controls over Desk Reviews and Audits Should be Strengthened

CFDA #93-778 Medical Assistance Program

FULLY CORRECTED

98-21 Internal Controls over Provider Rate and Claims Adjustments Should be Improved

CFDA #93-778 Medical Assistance Program

FULLY CORRECTED

Signed: _____

Anna Marie Barnes
Anna Marie Barnes
Executive Director

Date: _____

1/25/00

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DEPARTMENT OF MENTAL HEALTH

State of Mississippi



ALBERT RANDEL HENDRIX, Ph.D.
Executive Director
Robert E. Lee Building, Suite 1101
239 North Lamar Street
Jackson, Mississippi 39201
(601) 359-1288 • FAX 359-6295
TDD Phone (601) 359-6230

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS For the Year Ended June 30, 1999

97-4 Internal Controls Should Be Established over Period of
Availability Requirements

CFDA # 93.959 Block Grants for the Prevention and
Treatment of Substance Abuse

FULLY CORRECTED

A procedure has been implemented whereby every reimbursement to a sub-grantee made from Federal funds is identified with a specific Federal grant awarded for a specific two-year period of availability. This procedure was implemented with Federal funds awarded for the year which began October 1, 1997 and ended September 30, 1998, which were allocated effective April 1, 1998 and which can be expended through September 30, 1999.

97-5 Internal Controls over Earmarking Requirements Should Be
Strengthened

CFDA # 93.959 Block Grants for the Prevention and
Treatment of Substance Abuse

FULLY CORRECTED

A procedure has been implemented whereby every grant award to a sub-grantee made with Federal funds is identified with a specific Federal grant awarded for a specific year. This procedure was implemented with Federal funds awarded for the year which began October 1, 1997 and ended September 30, 1998, which were allocated effective April 1, 1998 and which can be expended through September 30, 1999.

98-12 Internal Controls over Earmarking Requirements Should Be Strengthened

CFDA # 93.959 Block Grants for the Prevention and Treatment of Substance Abuse

PARTIALLY CORRECTED

A procedure has been implemented whereby every grant award to a sub-grantee made with Federal funds is identified with a specific Federal grant awarded for a specific year. This is the same as finding 97-5; the corrective action was taken as a result of finding 97-5, but had not been in place long enough to ensure that instances of non-compliance did not recur in the year ended June 30, 1998. Also, because Federal funds awarded for the Federal year that ended September 30, 1997 continued to be expended until September 30, 1998, there may be instances of non-compliance that occur in the State fiscal year that ended June 30, 1999. However, once all Federal funds for Federal years that ended September 30, 1997 or earlier are expended, there should be no further instances of non-compliance.

98-13 Internal Controls over Earmarking Requirements for HIV Services Should Be Strengthened

CFDA # 93.959 Block Grants for the Prevention and Treatment of Substance Abuse

PARTIALLY CORRECTED

* Effective with the grant awards cycle that began April 1, 1999, which awarded Federal SAPT funds awarded for the year that began October 1, 1998 and ends September 30, 1999 (with ability to expend until September 30, 2000, assuming funds are allocated no later than September 30, 1999), HIV required services will be provided at each of the fifteen (15) regional community mental health centers and documented using a Form DMH/018 (a copy of which is attached). Also attached is a memorandum from Mr. Herbert Loving, Division Director for Substance Abuse Treatment, to Mr. Glynn Kegley, Bureau Chief for Administration, that outlines how DMH will document compliance with this set aside requirement.

Because this procedure was not implemented until April 1, 1999, instances of non-compliance may have continued with respect to Federal SAPT funds awarded for the year that began October 1, 1997 and ended September 30, 1998 (with ability to expend until September 30, 1999, assuming funds were allocated on or before September 30, 1998,

page 2

which they were). Therefore, this finding may recur on the audit for the year ending June 30, 1999, and may even recur on the audit for the year ending June 30, 2000, since Federal funds awarded for the Federal year that ended September 30, 1998 will continue to be expended until September 30, 1999 (which is three months into the State fiscal year that will end June 30, 2000). However, once all Federal funds for Federal years that ended September 30, 1998 or earlier are expended, there should be no further instances of non-compliance.

98-14 Internal Controls Should Be Established over Period of Availability Requirements

CFDA # 93.959 Block Grants for the Prevention and Treatment of Substance Abuse

FULLY CORRECTED

A procedure has been implemented whereby every reimbursement to a sub-grantee made from Federal funds is identified with a specific Federal grant awarded for a specific two-year period of availability. This is the same as finding 97-4; the corrective action was taken as a result of finding 97-4, but had not been in place long enough to ensure that instances of non-compliance did not recur in the year ended June 30, 1998. Also, because Federal funds awarded for the Federal year that ended September 30, 1997 continued to be expended until September 30, 1998, there may be instances of non-compliance that occur in the State fiscal year that ended June 30, 1999. However, once all Federal funds for Federal years that ended September 30, 1997 or earlier are expended, there should be no further instances of non-compliance.

Signed: Albert Randel Hendrix, Ph.D.
Albert Randel Hendrix, Ph.D., Executive Director

Date: July 28, 1999

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**State of Mississippi
DEPARTMENT OF REHABILITATION SERVICES**

**SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
For the Year Ended June 30, 1999**

98-38 Procedures Should be Developed to Adequately Support Salary and Wage Costs

CFDA# 84.126 Rehabilitation Services-Vocational Rehabilitation Grants to States
CFDA# 96.001 Social Security-Disability Insurance

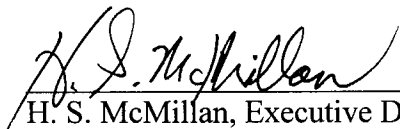
PARTIALLY CORRECTED

The Department has identified the positions that will be subject to additional time distributions and has begun developing the methodology by which time will be distributed. The federal grantor agency has been apprised of our progress and has indicated informal agreement with the proposed methodology. The Department is now using the state's SPAHRS system to process payroll so we now have the ability to charge salary costs directly to the benefiting cost objective. The Department plans to have the time distribution system fully functioning in the first quarter of calendar year 2000.

98-39 Case Files Should Contain Adequate Support for Comparable Services and Benefits

CFDA# 84.126 Rehabilitation Services-Vocational Rehabilitation Grants to States

CORRECTED



H. S. McMillan, Executive Director
December 17, 1999

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III. MANAGEMENT RESPONSES AND CORRECTIVE ACTION PLANS



STATE OF MISSISSIPPI

MANAGEMENT RESPONSES AND CORRECTIVE ACTION PLANS FOR THE YEAR ENDED JUNE 30, 1999

Instructions to Management

In order to provide a systematic approach for agencies to respond to audit findings, the management of each agency was requested to follow the instructions listed below in preparation of the formal response to single audit findings and the corrective action plan.

For each AUDIT FINDING, the agency should include the following: (1) *Catalog of Federal Domestic Assistance* (CFDA) number and program name, (2) type of compliance requirement, (3) audit finding number and finding heading, (4) response, and (5) corrective action plan. These items are discussed below:

1. Each CFDA number and program name should be listed in the same sequence presented in the management letter. The entire finding is not required to be repeated.
2. Each type of compliance requirement should be listed in the same sequence as presented in the management letter.
3. Each audit finding number and finding heading should be listed separately in the same sequence as presented in the management letter. The entire finding is not required to be repeated.
4. Responses of the agency to audit findings should be included directly below each audit finding heading. For each response, the agency should state whether they concur or do not concur with the individual finding and recommendation and the reasons why.
5. After an audit finding heading has been listed along with the corresponding agency response, the plan for corrective action should be listed using the following format:
 - a. Specific steps to be taken to correct situation.
 - b. Name(s) of the contact person(s) responsible for corrective action.
 - c. Anticipated completion date for corrective action.
 - d. Specific reasons why corrective action is not necessary, if applicable.

STATE OF MISSISSIPPI

Management Responses and Corrective Action Plans

Instructions to Management (concluded)

OMB Circular A-133, Section 400 requires audit findings to be resolved between federal agencies and audited agencies within six months after the receipt of the single audit report by the federal government. Audited agencies should maintain permanent files on all correspondence with the federal government during the audit resolution process. Federal agencies may ask for additional information pertaining to audit findings.

On the following pages, we have compiled the formal response to the findings and recommendations and the corrective action plan of each agency's management.

The following notes are applicable to agency responses for single audit findings:

- Note 1:** The Mississippi Department of Human Services stated in its response to finding 99-17 the original foster care rosters were not destroyed. The project director who told state auditors he personally destroyed all of the original rosters also wrote a formal memorandum to auditors from the Office of Inspector General stating the same. This memorandum is available for review upon request from the Office of the State Auditor.
- Note 2:** The Mississippi Department of Human Services stated in its response to finding 99-20 the agency had cash management procedures outlined in a MARS Policy and Procedures Manual. During audit fieldwork, individuals responsible for cash management procedures stated they were not aware of any written policies or procedures. Also, the response makes reference to a Cash Management Narrative. The Cash Management Narrative was prepared by state auditors for audit purposes. Agency personnel reviewed the narrative for accuracy.



STATE OF MISSISSIPPI

DEPARTMENT OF CORRECTIONS

JAMES V. ANDERSON
COMMISSIONER

February 10, 2000

The Honorable Phil Bryant
State Auditor
State of Mississippi

HAND MAIL

Re: SINGLE AUDIT FINDINGS - FY 1999

Dear Mr. Bryant:

Listed below are the findings and recommendations of your office concerning the Mississippi Department of Corrections fiscal year 1999 audit, along with this agency's response and corrective action plan for each finding.

SUBRECIPIENT MONITORING

16.586 Violent Offender Incarceration and Truth in Sentencing Incentive Grants

99-07 Procedures Should Be Established to Ensure Subrecipients are Monitored

Finding:

The Mississippi Department of Corrections does not have written policies or procedures in place for monitoring the subrecipients of the Violent Offender Incarceration and Truth in Sentencing Incentive Grant. Good internal controls dictate policies and procedures be in place to ensure subrecipients of federal funds are monitored for compliance with federal requirements and deficiencies noted during the monitoring process are corrected in a timely manner. An inadequate system for monitoring subrecipients could allow noncompliance with federal requirements and mismanagement of federal funds to exist and go undetected.

The Office of Management and Budget Circular OMB A-133 requires the primary recipient of federal funds to monitor the subrecipient's activities to provide reasonable assurance that the subrecipient administers federal awards in compliance with federal requirements.

Recommendation:

We recommend the Mississippi Department of Corrections establish written policies and procedures for monitoring all subrecipients of the Violent Offender Incarceration and Truth in Sentencing Incentive Grant.

Response:

We concur with the State Auditor's recommendation. The MS Bureau of Buildings monitors the Department of Youth Services use of Violent Offender Incarceration and Truth in Sentencing Incentive (VOI/TIS) grant funds. Frequent consultations with the MS Bureau of Buildings assure our agency, as primary recipient of VOI/TIS funds, that all funds utilized by the Department of Youth Services were in compliance with federal requirements. Any future subrecipients of VOI/TIS grant funds will be monitored directly by our agency, in conjunction with the MS Bureau of Buildings. Written procedures for monitoring subrecipient grant funds will be established.

Corrective Action Plan:

- A. As noted in the above response
- B. Not Applicable
- C. March 1, 2000
- D. Not Applicable

SUBRECIPIENT MONITORING

16.586 Violent Offender Incarceration and Truth in Sentencing Incentive Grants

99-08 Written Agreements With Subrecipients Should be Obtained

Finding:

Test work performed at the Mississippi Department of Corrections revealed the agency does not have a written agreement with the subrecipients of the Violent Offender Incarceration and Truth in Sentencing Incentive Grant. Good internal controls require written agreements between the recipient and subrecipient of federal funds be obtained. Without a written contract or agreement, the subrecipient may not be aware of the federal award information or compliance requirements of the federal program.

The Office of Justice Programs Financial Guide (Part III, Chapter 9) requires a formalized contract or written agreement between the parties involved. The contract or agreement must,

Mr. Bryant
February 10, 2000
Page 3

at a minimum, include: activities to be performed; time schedule; project policies; flow-through requirements that are applicable to the subrecipient; dollar limitation of the agreement and cost principles to be used in determining allowable costs; and other policies and procedures to be followed.

Recommendation:

We recommend the Mississippi Department of Corrections obtain written agreements with all future subrecipients of the Violent Offender Incarceration and Truth in Sentencing Incentive Grant.

Response:

We concur with the State Auditor's recommendation. Written agreements will be obtained with all future subrecipients of VOI/TIS grant funds.

Corrective Action Plan:

- A. As noted in the above response
- B. Not Applicable
- C. March 1, 2000
- D. Not Applicable

Sincerely,


James V. Anderson

JVA/RM/ve

Pc: Rick McCarty

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**STATE OF MISSISSIPPI
DEPARTMENT OF EDUCATION**

Richard L. Thompson
State Superintendent of Education

SINGLE AUDIT FINDINGS

February 10, 2000

Phil Bryant, State Auditor
Office of the State Auditor
State of Mississippi
P. O. Box 956
Jackson, Mississippi 39205-0956

Dear Mr. Bryant:

In accordance with your January 21, 2000, correspondence, the Department of Education is providing the following responses and corrective action plans for the single audit findings for the fiscal year ended June 30, 1999:

AUDIT FINDINGS:

84.048 Vocational Education – Basic Grants to States

Eligibility

99-02 Internal Controls over Subrecipient Allocations Should Be Strengthened

Response:

We concur with the finding.

Corrective Action Plan:

a. Specific steps to be taken to correct the situation:

The Office of Vocational and Technical Education has acquired the correct data and has instituted procedures that result in the acquisition and use of correct data. The Office of Vocational and Technical Education has requested the United State Department of Education provide written disposition as recommended by the auditor.

- b. Name of the contact people responsible for corrective action:

Donna Luke, Director
Compliance and Reporting
Office of Vocational and Technical Education

Dr. John Jones, Coordinator
Planning and Utilization
Office of Vocational and Technical Education

- c. Anticipated completion date for corrective action:

The Office of Vocational and Technical Education has completed the above, and will provide a copy of the written disposition upon receipt from the United States Department of Education.

84.010 Title I Grants to Local Education Agencies

Matching, Level of Effort, Earmarking

- 99-03 Procedures Should Be Implemented to Ensure Compliance with
Maintenance of Effort

Response:

We concur with the finding.

Corrective Action Plan:

- a. Specific steps to be taken to correct the situation:

By October 1st of each year, the Office of Financial Accountability will submit to the Office of Innovative Support the total expenditures for each school district for the fiscal year ended June 30th. The Office of Innovative Support will calculate the Maintenance of Effort (MoE) using these amounts and the amounts from the previous fiscal year. Each school district will be notified in writing of the results of the MoE calculations by November 15th. In the event a school district fails to meet the MoE requirements, the district will have 30 days from notification to submit documentation for reconsideration. Such documentation will be timely reviewed and the school district notified of the results. The school district may also elect to request a waiver from the U.S. Department of Education. This waiver must be submitted by January 15 with a

copy furnished to the Office of Innovative Support. If the U.S. Department of Education refuses to grant the waiver, the Office of Innovative Support will reduce the school district's next fiscal year allocation by the appropriate amount and the school district will be notified accordingly. Such reduction will result in a reallocation to other school districts using the Reallocation Procedure for Federal Compensatory Education Funds.

- b. Name of the contact person responsible for corrective action:

Johnny Thornton, Division Director
Office of Innovative Support

- c. Anticipated completion date for corrective action:

October 1, 1999

84.010 Title I Grants to Local Education Agencies

Period of Availability of Federal Funds

99-04 Internal Controls over 15% Carryover Requirements Should Be Strengthened

Response:

We concur with the finding.

Corrective Action Plan:

- a. Specific steps to be taken to correct the situation:

The Department of Education will implement a first-in-first-out payment system for the disbursement of Federal funds on July 1, 2000. As part of this system, the school district's Title I Project Application will be approved for a 27-month period, thus eliminating the need for a Title I Carryover Application. Based on information furnished by the school districts, the Office of Innovative Support will determine the amount that each school district has expended and/or obligated at the end of the 15-month period. In the event of noncompliance, a school district may request a waiver from the Office of Innovative Support. If the waiver is refused, the school district's allocation will be reduced by the amount that exceeds the 15% limitation. The school district will be notified of such action. Such reduction will result in a reallocation to other school districts using the Reallocation Procedure for Federal Compensatory Education Funds.

Phil Bryant, State Auditor
February 10, 2000
Page 4

- b. Name of the contact person responsible for corrective action:

Johnny Thornton, Division Director, Office of Innovative Support
- c. Anticipated completion date for corrective action:

July1, 2000

Should you have additional questions, do not hesitate to contact me.

Sincerely,



Richard Thompson
State Superintendent of Education

RT:cls:wr



STATE OF MISSISSIPPI
DEPARTMENT OF FINANCE AND ADMINISTRATION

EDWARD L. RANCK
EXECUTIVE DIRECTOR

December 21, 1999

FINANCIAL AUDIT FINDINGS

Honorable Phil Bryant
State Auditor - State of Mississippi
3750 I-55 North Frontage Road
Jackson, Mississippi 39211

Dear Mr. Bryant:

The following is our formal response to your financial audit findings dated November 30, 1999.

99-27 **The Disaster Recovery Plan Should Be Improved and Tested**

Response: While we are confident that, with the existing documentation, the DFA/IT staff could successfully recover from a disaster rendering the equipment in the Robert E. Lee and/or Sillers Building unusable, we agree with the recommendation.

Corrective Action Plan:

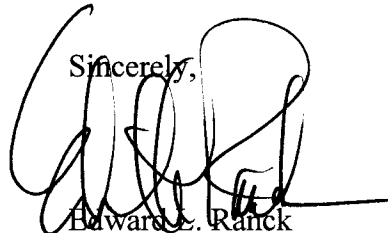
- A. We agree that the documentation for the disaster recovery plan can be improved and will provide a modification with more detail. For example, connection to the State Hot Site from any location that has a minimum dial-up internet access should be documented, in addition to our existing plan of connection through the agency AS/400. We agree that the plan should be tested and we are awaiting the scheduling of a time to test the system recovery through ITS, since this application executes solely in a mainframe environment. We will test the recovery plan at the earliest opportunity.
- B. Dwight Tidwell.
- C. March 1, 2000.
- D. N/A

* **Accounting Records Should Be Reconciled with SAAS**

Response: Previously this reconciliation had been performed, but was discontinued when the Bureau of Buildings expenditures were migrated to on-line SAAS processing. We continued to reconcile cash, but did not realize it was necessary to also continue reconciling expenditures.

Corrective Action Plan

- A. Expenditures per the PATS system are now being reconciled to SAAS records on a monthly basis. We have completed the reconciliation for months beginning with July of Fiscal Year 2000.
- B. Reginald Welch.
- C. Already completed.
- D. N/A.

Sincerely,

Edward L. Ranck

ELR/SPL:jl

- * This response is to a finding considered an immaterial weaknesses in internal control and not an audit finding required to be reported in accordance with *Government Auditing Standards*.



2423 North State Street
Post Office Box 1700
Jackson, Mississippi
39215-1700

601/576-7400
601/576-7364 FAX

F. E. Thompson, Jr., MD, MPH
State Health Officer

December 20, 1999

SINGLE AUDIT FINDINGS

Phil Bryant, State Auditor
Office of the State Auditor
State of Mississippi
P.O. Box 956
Jackson, Mississippi 39205-0956

Dear Mr. Bryant:

The following is our response to the Single Audit Finding contained in your Single Audit Management Report dated December 1, 1999 for Fiscal Year 1999.

Internal Control Over Compliance - Reportable Condition

CFDA/Finding Number

10.557	Special Supplemental Nutrition Program for Women, Infants and Children
93.268	Immunization Grants
93.994	Maternal and Child Health Services Block Grant to the States
99-01	Data Security Controls Should Be Strengthened

Response:

We concur with the finding and recommendation. We have obtained the necessary approvals for software upgrades to the Wang system which should address all issues contained in the finding and recommendation. The software has been purchased and was received on December 16, 1999.

Corrective Action Plan:

We will be scheduling with the Wang technical staff the installation of the software upgrade as quickly after January 1, 2000 as possible. This will be dependent on their availability and end of year jobs that must be run on the system after January 1, 2000. All upgrades should be installed and operational no later than February 28, 2000.

We appreciate the assistance and courtesy of the audit staff during the audit. Should there be questions or if additional information is required, please advise.

Sincerely,

F. E. Thompson, Jr., M.D., M.P.H.
State Health Officer

FET/sp

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STATE OF MISSISSIPPI
DAVID RONALD MUSGROVE, GOVERNOR
DEPARTMENT OF HUMAN SERVICES
BETTYE WARD FLETCHER
EXECUTIVE DIRECTOR

SINGLE AUDIT FINDINGS

Phil Bryant, State Auditor
Office of the State Auditor
State of Mississippi
P.O. Box 956
Jackson, MS 39205-0956

February 23, 2000

Dear Mr. Bryant:

The following are responses and corrective action plans to the Single Audit as outlined in the Department of Human Services Audit performed for the year ended June 30, 1999.

AUDIT FINDINGS:

INTERNAL CONTROL OVER COMPLIANCE

93.658 Foster Care Title IV-E

PERIOD OF AVAILABILITY OF FEDERAL FUNDS

Material Weakness / Material Noncompliance

- * 99-17 Controls to Ensure Compliance with the Period of Availability Requirement should be implemented.

Response:

The original rosters generated by IHHS, the independent contractor that determines eligibility determination, were neither destroyed nor thrown away.

- * SEE NOTE 1 ON PAGE 128.

The new project director reproduced the rosters in a more systematic format which reflects the appropriate two-year time limit to claim Federal Financial Participation. If there was a difference in the original claim and the amount the claim should have been based on the new rosters, the adjustment was reflected on the federal financial report. The original rosters were filed away in the previous project director's files and are available for review.

MDHS does not concur with the findings. The recommendations made are currently in place and were in place during the audit.

Corrective Action Plan:

- a. The original rosters will be made available for review
- b. Bill Dolan, Project Director IHHS - Eligibility Determination Unit (601) 359-5114
Gloria Thornton, Director DFCS - Administration Unit (601) 359-4495
- c. The files are currently being gathered for Auditor's review.

93.563 Child Support Enforcement

ALLOWABLE COSTS / COST PRINCIPLES

Reportable Condition

99-18 Reviews of Child Support Enforcement expenditures Should be Documented.

Response:

We do not have specific information relating to the deficiencies or control weaknesses cited, and therefore cannot admit or deny their existence.

Corrective Action Plan:

With the procurement of a Child Support Financial Officer in December 1999, established expenditure procedures were enhanced in order to monitor/review expenditures more efficiently. Effective December 1999, when the need arises

to make a purchase or pay a bill, a purchase requisition (Form PUR-DHS 1343) is completed by a designated individual in the requesting county/unit. These forms are routed through the Financial Officer for review/revision to the Division Director for approval by signature. The requests are then forwarded to the appropriate source within the Division of Budgets and Accounting (DBA) or the Division of Human Resources, Forms and Telecommunications Unit, where prices are assigned and purchase orders prepared. The forms are then sent to the Budgets, Cost Allocation, and Grants Management Unit, DBA, for approval of funds availability and final review/revision of coding stream. Upon this final approval, the Child Support Financial Officer retrieves the forms, deducts amounts from the appropriate category within the Division of Child Support Enforcement budget, signs/dates approval, and returns the forms to DBA for final processing.

Administrative expenses such as postage, rental of office space, and pro-rated costs that are of a general nature to the operation of the agency as a whole are not reviewed by programmatic personnel. However, these expenditures are monitored by the Child Support Financial Officer through the monthly budget status report issued by DBA.

10.561	State Administrative Matching Grants for Food Stamp Program
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.658	Foster Care- Title IV-E
93.667	Social Services Block Grant

ALLOWABLE COSTS / COST PRINCIPLES

Reportable Condition

99-19 Changes to the Cost Allocation Plan Should Be Carefully Monitored

Response:

MDHS acknowledges that costs were charged to cost pools that had not, at that moment, been approved by the federal government.

Corrective Action Plan:

- a. The established procedures for amending the Cost Allocation Plan are being followed more consistently. A routine review of the Cost Allocation Plan is done quarterly, during the quarterly cost allocation process. This is also done any time during the quarter as situations arise. A thorough analysis of the cost pools in question was recently completed. Cost are not longer being charged to these cost pools (except to make adjustments).
- b. This task was completed by Tommy Brumfield. He has supervised the cost allocation functions of MDHS for several years.

10.561	State Administrative Matching Grants for Food Stamp Program
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.658	Foster Care - Title IV-E
93.667	Social Services Block Grant

CASH MANAGEMENT

Reportable Condition

- * 99-20 Controls over Cash Management Should be Strengthened

MDHS acknowledges that controls over cash management should be strengthened.

Corrective Action Plan.

- * SEE NOTED 2 ON PAGE 128.

MDHS began reviews of the cash draws during FY 1999, and will continue to review the draws.

Notes and any relevant documentation regarding differences between the draws and the worksheets will be attached to the worksheets.

MDHS has a MARS Policy and Procedures Manual on grants management procedures and a Cash Management Narrative which describes the process of making federal draws.

93.658 Foster Care IV-E

ELIGIBILITY

Reportable Condition

99-21 Controls over Licensing Foster Care Homes and Facilities Should Be Strengthened

Response:

1. We concur that two foster care home files could not be located by agency personnel.
2. We concur that after a foster care home relocated to another county a relocation study should have been performed prior to June 30, 1999; however, it was not performed as of August 23, 1999, the date of your review.
3. We concur that one foster care home file did not indicate whether the home assessment requirements had been met. The section of Form 450 used to document compliance was not completed. Section III of Form 450 was not complete.
4. We concur that one foster care home file did not have documentation of the required twelve (12) hours of training for the foster care parents. This particular file had documentation of some of the hours of training

that the foster parent(s) had completed. One certificate was missing.

5. We concur that two foster care facility files for out-of-state residential treatment facilities did not include current licenses. Mississippi has contractual agreements with other states to provide residential treatment services to children. The facilities are licensed by the state in which they are located and are responsible for providing Mississippi with a copy of their current license. To adequately respond to this finding, the names of the facilities in question would need to be provided so that the matter could be researched thoroughly.

Corrective Action Plan:

1. Foster home files are often needed by Units other than the Licensure Unit. As a result of this finding, the following system has been implemented: Agency staff will have to request a foster home file through the secretary with the Licensure Unit. The secretary will be responsible for pulling the case and placing an out card that will indicate to whom the file was released. In addition, the secretary will spot check the files weekly and contact staff when a file has been out for an extended period of time. This system will establish effective procedures for the maintenance of foster home records.
2. Policy requires that relocation home studies be completed within sixty (60) days. Past procedures have allowed for waivers to be granted which give the worker additional time to complete the relocation study. Such waivers will no longer be granted by the Licensure Unit.
3. Past procedures have not required completion of the entire form except when it pertains to an initial application or a re-evaluation. For example, a worker requesting a provisional status on a licensed home has not been required to complete Section III of Form 450. Procedures will now require that Form 450 be completed in its entirety.
4. The Licensure Unit recognizes the extreme importance of maintaining vital information and records in foster home files. Unit staff is responsible for filing information will take every precaution to ensure that records are maintained as required by policy.

5. The agency currently receives a report of licensed facilities that reports when licenses that are up for renewal. Licensure staff reviews the report on a monthly basis and sends notices two months prior to license expiration. The Division of Family and Children's Services will implement more efficient measures to make sure current licenses are placed in facility files as they are issued.

93.658 Foster Care Title IV-E

ELIGIBILITY

Reportable Condition

99-22 Eligibility Review Procedures for the Foster Care Program Should Be Strengthened.

Response:

We concur with the findings and recommendations.

Corrective Action Plan:

- a. The case files have been corrected with proper documentation as outlined in Volume IV.
- b. Bill Dolan, Project Director IHHS - Eligibility Determination Unit (601) 359-5114.
Gloria Thornton, Director DFCS - Administration Unit (601) 359-4495.
- c. Corrective action has been completed.

93.558 Temporary Assistance for Needy Families

MATCHING, LEVEL OF EFFORT, EARMARKING

Reportable Condition

99-23 TANF Federal Reports Should Agree with Agency Records

Response:

MDHS acknowledges that the agency's accounting records did not agree with the ACF-196.

Corrective Action Plan:

- a. The adjustments to the agency's accounting records were performed. In the future the adjustments will be performed in a more timely manner.
- b. This will be supervised by Brian Daniel, who now supervises the unit responsible for completing the federal reporting of the agency.

93.658 Foster Care - Title IV-E

PROCUREMENT AND SUSPENSION AND DEBARMENT

Reportable Condition

99-24 Competitive Procurement Practices Should Be Followed

Response:

The state received a waiver from the competitive bid process for the purchase of service contracts.

93-563 Child Support Enforcement

SPECIAL TESTS AND PROVISIONS

Reportable Condition

99-25 Controls over the Child Support Enforcement Bank Accounts Should Be Improved

Response:

1. The MDHS Division of Child Support Enforcement concurs with your finding. The CRDU began operations December 23, 1998, with the bank reconciliation process being assigned to the unit supervisors. The process was time-consuming and massive on a monthly scale. The CRDU Program Manager position was assigned the reconciliation process on August 24, 1999. This position is independent of receipting functions. The CRDU began receiving weekly bank statements in September 1999 and daily Trustmark FAXes in October 1999. The daily FAXes consist of any corrections made to the account, debits for non-sufficient fund checks, and deposits for the previous day.
2. The MDHS Division of Budgets and Accounting concurs with your finding.
3. We concur with the finding that the reconciliation of the state office METSS bank account did not include a comparison to the actual county bank accounts to ensure all funds transferred from the county accounts were properly reflected on the state office METSS Account.
4. We concur with the finding.
5. We concur with the finding that checks received for the CRDU bank account were not being restrictively endorsed at the earliest possible moment.
6. We concur that service fees on the CRDU bank account were being paid from child support collections that were due to custodial parents.
7. We concur that the agency was charged for check printing and checks processed against the CRDU bank account. No checks should have been written on the CRDU account.
8. We concur that in several instances in which checks included on the deposit slips to the CRDU bank account were not actually submitted for

deposit to the bank. The bank reduced the deposit for these missing checks.

Corrective Action Plan:

1. The completion of the overdue reconciliations was completed on October 11, 1999, using agency personnel recruited from the field and CRDU employees. The CRDU bank account and METSS reconciliation is now being performed promptly. The process is complete through January 2000.
 - a. The CRDU monthly reconciliation process will be completed by the 15th of the following month.
 - b. The verification of the reconciliation will be performed by the CRDU Program Administrator, Sr., or their designee .
 - c. Unit supervisors will turn in previous day's deposits consisting of the METSS depo sheet, the bank deposit slip, and proof of deposit to the CRDU Program Manager each morning. The Program Manager verifies the Trustmark FAXes with METSS deposits daily.
2. We stated in a previous response that we went back to the inception of METSS in an effort to ensure accuracy of the reconciliation. Going back to METSS' inception, staff turnover, irregularities of the bank and the METSS system have been barriers that have affected the promptness in completing the monthly bank reconciliation. It is our goal to be current in reconciling prior to or by July 1, 2000, if no other restraints surface.

Irreconcilable differences continue to exist even though we went back to METSS' inception. We will continue our efforts in analyzing transactions that may affect the reconciliation process.

The unexplained differences are believed to be erroneous amounts resulting from irregularities of the bank, the METSS system, and adjustments made by county and state office staff dating back to METSS inception.

3. The county Child Support bank accounts are targeted for closure by June 30, 2000. A reconciliation of each county actual bank account balance to the METSS county bank account balance will be completed prior to each bank account closure. Once all county bank accounts are closed, an adjustment will be made to the METSS (999 account) for any unexplained differences upon review/approval by appropriate division authorities. The closure of the county bank accounts should simplify the reconciliation process. Procedures were put in place during 1999 to ensure that funds transferred from the county bank accounts post correctly to the state office METSS bank account.
4. At the beginning of operations, Unit supervisors were assigned the reconciliation process. However, due to the volume, this assignment was reassigned to the CRDU Program Manager.
5. The CRDU, on average, receives 2,500 payment instruments a day. The payment instruments are sorted by alphabet, then batched into transactions of approximately 50 receipts by the Lead Fiscal Control Officer. Receipts are then posted to METSS by a subordinate Fiscal Control Officer (FCO). The FCO then separates the checks from the transmittals, runs two calculator tapes on the checks, writes or stamps the batch number on the front of the payment instrument and endorses for deposit on the back. Payment instruments will be endorsed for deposit at the batch process by the Lead Fiscal Control Officer, considering this would be the earliest possible moment. They will endorse the back before giving to FCOs to receipt into METSS.
6. The service fees ceased to be taken from the CRDU bank account during August 1999. The service fees that accumulated between December 1998 and July 1999 were deposited into the CRDU account on September 16, 1999. Monthly requests are now being submitted for bank charges. The CRDU bank account was charged for deposit slips which is reflected on the December 1998, January 1999, and February 1999 bank statements as ACH Debit Deluxe Check/ACC.
 - a. All amounts for deposit slips will be requested and placed in the CRDU bank account.

Phil Bryant, State Auditor
Page 12
February 23, 2000

- b. Monthly requests will be submitted for fees the bank charges for processing the deposits.
- 7. The bank statement shows amounts listed in the check section erroneously on January 20, 1999, and June 16, 1999. These are deposit correction advices. The account was established as an electronic funds transfer (EFT) account only. The funds are electronically transferred from the CRDU bank account to the METSS bank account.
- 8. Payment instruments are attached to a batch header with the initial calculator tape of transactions and transmittals. This packet is given to the Unit supervisor who, when 13 batches are accumulated, performs the depo function in METSS. The METSS depo sheet is compared with the bank deposit slip. The payment instruments are verified against tapes to insure that no checks are left out of the deposit. The Unit supervisor or their designee will initial the calculator tape that is submitted with the deposit to the bank and the tape that is retained at the CRDU.

Sincerely,


Bettye Ward Fletcher
Executive Director

BWF:SM:ja



STATE OF MISSISSIPPI
OFFICE OF THE GOVERNOR
DIVISION OF MEDICAID
ANNA MARIE BARNES
EXECUTIVE DIRECTOR

SINGLE AUDIT (CONTROLS) FINDINGS

Phil Bryant, State Auditor
Office of the State Auditor
State of Mississippi
P. O. Box 956
Jackson, MS 39205-0956

February 16, 2000

Dear Mr. Bryant:

Your letter of January 28, 2000, presented the results of an audit of the selected accounts included on the financial statements of the Office of the Governor - Division of Medicaid for Fiscal Year 1999. Additionally, it included the results of an audit of federal financial assistance. Our replies to the specific findings are noted in the responses and corrective action plans that follow:

AUDIT FINDINGS:

CFDA

Number

Reportable Conditions

Finding and Recommendation

93-737 State Children's Health Insurance Program (CHIP)

Federal Award Number and Year: 05-9905MS5021, 1999

99-13 Internal Controls over Reporting Should Be Strengthened

Response: Eligibility determination is the function of the Mississippi Department of Human Services (MDHS), and the Division uses the information they provide in preparing reports. There have been difficulties related to determination of recipient age and pregnancy status for CHIP enrollees, and MDHS has put into place some additional safeguards to minimize the number of enrollees who are misclassified. The Division has been aware of the potential for misclassifications under these circumstances; however, this situation is only relative to the Medicaid expansion portion of CHIP, and the expansion will totally phase out in 2002.

Corrective Action Plan: Since the expansion and its related eligibility problems are temporary in nature, the Division has not required MDHS to institute the systems enhancements that would be necessary to resolve the inconsistencies. Such enhancements would be much more expensive than can be justified. Nevertheless, the Division will continue to work with MDHS to continually work toward the minimization of inaccurate eligibility determinations.

93.778 Medical Assistance Program
Federal Award Number and Year: 05-9905MS5028, 1999

ACTIVITIES ALLOWED or UNALLOWED

99-14 Inpatient Hospital Rates Should Be Computed Accurately

Response: We do concur with the audit findings in regards to the following:

- 1) The inflation and education inflation factors were calculated incorrectly.
- 2) Paid Nursery Days were not carried forward to one rate setting data sheet.
- 3) The Education Costs were included twice in the calculation for one hospital's per diem rate.

Corrective Action Plan:

The twenty cost reports that were reviewed by the State Auditors have been reviewed and the rates for October 1, 1998 through September 30, 1999 have been amended.

The remaining 1997 cost reports have been re-worked and presently are in review. The October 1, 1998 through September 30, 1999 rates for each facility will be amended to reflect the correct inflation and education inflation factors as well as any corrections found in the desk review process. We estimate the completion of this corrective action plan to be March 30, 2000.

99-15 Internal Controls over Computation of Long-Term Care Facility Rates Should Be Strengthened

Response:

We concur that a calculation error was made on long-term care facility per diem rates for fiscal year 1999 regarding an add-on to the rate for the federal minimum wage increase.

Corrective Action Plan:

The agency will adjust payments to long-term care facilities paid in error. Documentation that adjustments were made will be provided to the auditors. The agency has requested a change in the rate year which will allow additional time for rate preparation and reduce the risk that rates will be issued in error.

93.778 Medical Assistance Program

Federal Award Number and Year: 05-9905MS5028, 1999

99-16 Audits of Long-Term Care Facility Cost Reports should be Performed in Accordance with the State Plan

Response:

The Provider Review Unit, which is responsible for conducting the nursing facility financial reviews, experienced a number of substantial training and personnel issues which had a significant impact on the ability of the Unit to accomplish its work tasks timely during the review period.

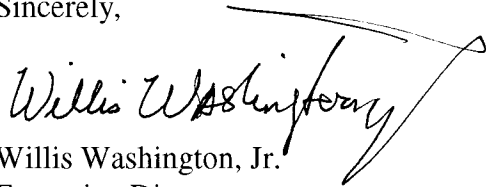
Corrective Action:

The Provider Unit has been relocated within the Division of Medicaid to the Bureau which is responsible for conducting field audit work. New staff have been hired for the Unit and more positions have been requested to improve the timely completion of the Unit's nursing facility financial reviews. Management has developed a plan to complete all outstanding reviews by the end of the current calendar year through a combination of staff work and the outsourcing of some of the nursing facility financial reviews.

Phil Bryant, State Auditor
February 16, 2000
Page 4

Please call us at 359-6050 if you have any questions relative to our responses and corrective action plans.

Sincerely,

A handwritten signature in cursive script, reading "Willis Washington, Jr.", with a large, sweeping flourish extending from the end of the signature.

Willis Washington, Jr.
Executive Director

WWJ/BP/rcc

DEPARTMENT OF MENTAL HEALTH

State of Mississippi



ALBERT RANDEL HENDRIX, Ph.D.
Executive Director
Robert E. Lee Building, Suite 1101
239 North Lamar Street
Jackson, Mississippi 39201
(601) 359-1288 • FAX 359-6295
TDD Phone (601) 359-6230

February 17, 2000

SINGLE AUDIT FINDINGS

Mr. Phil Bryant, State Auditor
Office of the State Auditor
P.O. Box 956
Jackson, MS 39205-0956

Dear Mr. Bryant:

This letter is in response to your letter of February 1, 2000 reporting Single Audit Findings to the Department of Mental Health - Central Office.

AUDIT FINDINGS:

99-26 **CFDA Number 93.959** Block Grants for the Prevention and Treatment of Substance Abuse

Federal award number and year: 1998 98B1MSSAPT

MATCHING, LEVEL OF EFFORT, EARMARKING

Internal Controls Over Level of Effort Requirement Should Be Strengthened

Your audit revealed that state expenditures reported in our application for SAPT funds did not reconcile to actual expenditures according to agency accounting records.

Response: We agree with this finding. Apparently, staff responsible for preparing the SAPT application did not obtain actual expenditures from our accounting department, but rather utilized the same figure reported in the prior year plus any known increases that were received from the legislature.

Corrective Action Plan:

This has been corrected, and staff preparing the grant application will, before submitting the grant application, obtain actual state expenditures for the years required to be reported in the grant application. Necessary calculations will also be made to ensure that the Department is in compliance with the "level of effort" requirement.

99-09 **CFDA Number 93.959** Block Grants for the Prevention and Treatment of Substance Abuse

Federal award number and year: 1998 98B1MSSAPT

MATCHING, LEVEL OF EFFORT, EARMARKING

Internal Controls over Earmarking Requirements Should be Strengthened

Your audit report states that "the Mississippi Department of Mental Health did not routinely document, based on actual expenditures, that earmarking requirements were met for specific block grant years for the Block Grants for the Prevention and Treatment of Substance Abuse Program".

Response:

The primary reason for this finding recurring this year is our change to the Statewide Automated Accounting System (SAAS) as of July 1, 1999. We believe the change to SAAS was a good move and will prove to be a beneficial change, but it represents a new accounting system for our personnel, and our agency presented a new requirement for SAAS. Specifically, the new requirement is the necessity to summarize and report data for sub-recipient payments in categories which will enable us to calculate whether or not we have met the required expenditure levels in each category. The Department has been told that this is a more detailed reporting level than SAAS has previously been required to meet, and it will take a little time to develop the report. We have been assured that it can be done, and fully believe that it will be, but we just could not do it before your audit staff completed their audit.

The 1998 SAPT Block Grant funds awarded effective October 1, 1997 were expendable until September 30, 1999, so long as they were allocated for expenditure on or before September 30, 1998. All SAPT Block Grant funds were

allocated on or before September 30, 1998 in such a way that it would be virtually impossible for the required earmarking by category to not be met. For expenditures through June 30, 1999 we were able to document that the required earmarkings were, in fact, met. However, expenditures by sub-recipients from July 1, 1999 through September 30, 1999, which could be reimbursed by the Department as late as January of 2000, were contained in the SAAS accounting records and we were unable to summarize and report those expenditures in a manner that would allow us to calculate whether or not those expenditures also were in compliance with the required earmarkings. We believe we will be successful in getting this data with respect to the 1998 SAPT Block Grant in the near future, and will be able to document that expenditures were in compliance with earmarking requirements, even though we could not do this before your staff completed their field work. Also, we believe we will be able to provide this data in a more timely manner when your staff performs the audit of the 1999 SAPT Block Grant.

One challenge that we will likely continue to face concerns the timing of the audit. For example, the 1999 SAPT Block Grant (awarded effective October 1, 1998) can be expended by sub-recipients through September 30, 2000, so long as it is allocated on or before September 30, 1999, and reimbursed to those sub-recipients by the Department of Mental Health as late as January and possibly February of 2001. The cognizant federal agency allows several months after the end of the two year period of eligibility to clear up outstanding claims, and we continue to reimburse as long as legitimate claims are submitted and the funds continue to be available from the federal government. At the time you perform the audit for the year ending June 30, 2000, 95% or better of the 1999 SAPT funds will have been reimbursed to sub-recipients, and we will be able to document that those expenditures are in compliance. However, depending on the timing of the audit, there may remain some unspent 1999 SAPT Block Grant funds that could still be reimbursed to sub-recipients based on legitimate claims filed for the period ended September 30, 2000.

Corrective Action Plan: Department accounting staff will ensure that the necessary reports can be prepared from accounting records maintained by the Statewide Automated Accounting System on a timely basis.

99-10 CFDA Number 93.959 Block Grants for the Prevention and
Treatment of Substance Abuse

Federal award number and year: 1998 98B1MSSAPT

MATCHING, LEVEL OF EFFORT, EARMARKING

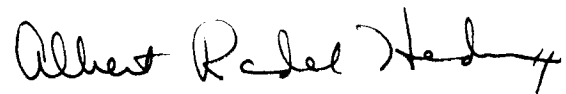
Internal Controls over Earmarking Requirements for HIV
Services Should be Strengthened

Response: We agree with this finding. This is a relatively new requirement for these funds, and this finding is due to DMH failure to specifically identify those programs that provide HIV services in subgrantee awards. Even though the federal regulations quoted by you in your audit report state that no less than two percent nor more than five percent must be expended for HIV services, the instructions we have received from federal program personnel state that five percent must be allocated. Therefore, if five percent is allocated in accordance with federal instructions and at least two percent is actually expended, then we should be in compliance with this requirement.

Corrective Action Plan: Effective with the grant awards cycle that begins April 1, 2000, which awards Federal SAPT funds awarded for the year that began October 1, 1999 and ends September 30, 2000 (with ability to expend until September 30, 2001, assuming funds are allocated no later than September 30, 2000), \$659,173 (representing 5% of the total block grant award of \$13,183,451) will be specifically allocated among the fifteen (15) regional community mental health centers and one (1) private non-profit entity for HIV services. Funds drawn for these services will be specifically identified in the grant award document and accounted for separately as they are drawn by each sub-recipient.

We appreciate the courtesy and genuine interest in helping us do our jobs better exhibited by the staff assigned to our audit. Your audit staff are keenly interested in helping state agencies do their jobs better, and we appreciate their assistance. They represent your office very well.

Sincerely yours,



Albert Randel Hendrix, Ph.D.
Executive Director



State of Mississippi
DEPARTMENT OF REHABILITATION SERVICES

SINGLE AUDIT FINDINGS

February 10, 2000

Phil Bryant, State Auditor
Office of the State Auditor
P. O. Box 956
Jackson, MS 39205-0956

Dear Mr. Bryant:

The Mississippi Department of Rehabilitation Services is pleased to respond to the following Compliance findings resulting from the single audit performed by your Office for State Fiscal Year 1999:

SINGLE AUDIT FINDINGS

CFDA Number 84-126 Rehabilitation Services – Vocational Rehabilitation Grants to States
CFDA Number 96-001 Social Security – Disability Insurance

ALLOWABLE COSTS / COST PRINCIPLES

99-05 Procedures Should Be Developed to Adequately Support Salary and Wages Costs

Response:

The Mississippi Department of Rehabilitation Services has developed procedures to adequately support salary and wage costs.

Corrective Action Plan:

The Department has submitted to the appropriate federal grantor agencies proposed procedures that will support the distribution of salary and wage costs. These proposed procedures entail semi-annual certifications for those employees working on a single award. For those employees working on multiple activities or cost objectives, quantifiable measures of employee effort such as document counts for purchasing and accounts payable employees or filled agency positions for human resource personnel will be used. For those employees working on multiple activities or cost objectives for which no other quantifiable measure of employee effort is available, personnel activity reports will be used.

The Department has received a favorable response from the Regional Office of the Rehabilitation Services Administration within the U.S. Department of Education regarding the proposed procedures noted above. Accordingly, the Department is continuing with its efforts to identify those employees who work on multiple activities or cost objectives and will implement the appropriate salary and wage allocation methodology beginning in March 2000. Semi-annual certifications for those DDS employees working on a single award have already been obtained and are on file. Semi-annual certification for those VR employees working on a single award are in the process of being obtained and will be on file by March 1, 2000.

CFDA Number 84-126 Rehabilitation Services – Vocational Rehabilitation Grants to States

SPECIAL TESTS AND PROVISIONS

99-06 Controls Over the Preparation of Individual Written Rehabilitation Programs Should Be Strengthened

Response:

The Mississippi Department of Rehabilitation Services will strengthen controls over the preparation of Individual Written Rehabilitation Programs (old terminology) Individualized Plan for Employment (new terminology).

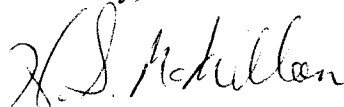
Corrective Action Plan:

The Agency will employ the following means in order to strengthen controls in this area:

1. Implement a statewide training on Basic Casework for counselors which will emphasize the IPE and its development as well as amendments.
2. A memo will be sent to all case service staff emphasizing the importance of the IPE and amendments and the relationship to purchased services.
3. A meeting will be conducted with all Regional Managers and District Managers to discuss this matter and strengthen case reviews by District Managers with regard to IPE development, amendments, and authorizations.

Should you have any questions regarding the Response or Corrective Action Plan, please feel free to contact Mr. David Varner, Interim Director of Financial Management, at 853-5372.

Sincerely,



H. S. McMillan
Executive Director

OFFICE OF
STATE AID ROAD CONSTRUCTION

MISSISSIPPI DEPARTMENT OF TRANSPORTATION

P. O. BOX 1850
JACKSON, MISSISSIPPI 39215-1850

Floyd A. Kirk
State Aid Engineer
Telephone 359-7150

401 North West Street
Jackson, Mississippi 39201
FAX 359-7141

SINGLE AUDIT FINDINGS

Phil Bryant, State Auditor
Office of the State Auditor
P.O. Box 956
Jackson, MS 39205-0956

February 8, 2000

Dear Mr. Bryant:

In regard to the audit of our financial records for the year ended June 30, 1999, we are hereby submitting this response along with a plan of corrective action. Please advise us if additional information regarding this matter is needed.

AUDIT FINDINGS:

CFDA 20.205 Highway Planning and Construction

Davis Bacon Act

99-11 Controls over the Receipt of Wage and Payroll Documents Should Be Strengthened

Response:

The Office of State Aid Road Construction concurs with the finding as well as the recommendation. Our concurrence is based on an effort to comply with the Davis Bacon Act as well as the Standard Operating Procedures for our agency.

Corrective Action Plan:

On a monthly basis, a review of the payroll book is made to verify that all contractor's payrolls have been received. Any Contractor with payrolls two or more weeks behind are notified by letter that their estimate will not be processed for payment until the CAD-880 has been received. A list of projects with delinquent payrolls is prepared and forwarded to the person responsible for processing progress estimates. Any estimates found to be on the list are then held for payment until proper documentation has been received. A notification is being sent to all County Engineers and Contractors informing them that copies of the Weekly Summary of Wage Rates (CAD-880) must be received by State Aid before an estimate will be

processed for payment.

Sandy Johnson will verify that the payrolls are current and will send notifications when they become delinquent. Sandra Conner will be responsible for holding the estimates until the payrolls become current.

The corrective plan of action was implemented on 11/10/99.

CFDA 20.205 Highway Planning and Construction

Real Property Acquisition and Relocation Assistance

99-12 Controls over the Review of Real Property Acquisitions Should be Strengthened

The Office of State Aid Road Construction concurs with the finding as well as the recommendation. Our concurrence is based on an effort to comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act as well as the Standard Operating Procedures for our agency.

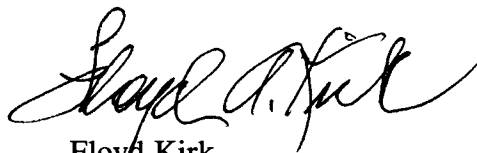
Corrective Action Plan:

Prior to seeking authorization from Federal Highway Administration, a review of the project file will be made to ensure proper documentation has been received. The county will be notified that until such documentation is received, no further action will be taken by State Aid to seek funding for the project. A notification is being sent to all County Supervisors, Board Attorneys, and County Engineers informing them of the actions that must take place before a project can be authorized.

Paul Rigby will be the person responsible for ensuring that all counties furnish documents that are in compliance with federal regulations.

The corrective plan of action will be implemented on 3/1/00.

Sincerely,

A handwritten signature in black ink, appearing to read "Floyd Kirk", written in a cursive style.

Floyd Kirk
State Aid Engineer

IV. INDICES



STATE OF MISSISSIPPI

**INDEX OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
LISTED BY FEDERAL DEPARTMENT
FOR THE YEAR ENDED JUNE 30, 1999**

1. Office of National Drug Control Policy: None
2. U.S. Department of Agriculture: Pages 53-57
3. U.S. Department of Commerce: None
4. U.S. Department of Defense: None
5. U.S. Department of Housing and Urban Development: None
6. U.S. Department of the Interior: None
7. U.S. Department of Justice: Pages 59-60
8. U.S. Department of Labor: None
9. U.S. Department of Transportation: Pages 61-64
10. Appalachian Regional Commission: None
11. General Services Administration: None
12. National Foundation on the Arts and the Humanities: None
13. Tennessee Valley Authority: None
14. U.S. Department of Veterans Affairs: None
15. Environmental Protection Agency: None
16. U.S. Department of Energy: None
17. Federal Emergency Management Agency: None
18. U.S. Department of Education: Pages 65-71
19. National Archives and Records Administration: None
20. U.S. Department of Health and Human Services: Pages 73-95
21. Corporation for National and Community Service: None
22. Social Security Administration: Pages 97-98

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STATE OF MISSISSIPPI

INDEX OF FINDINGS AND RECOMMENDATIONS
LISTED BY STATE AGENCY
FOR THE YEAR ENDED JUNE 30, 1999

1. Agriculture and Commerce: None
2. Animal Health: None
3. Archives and History: None
4. Arts Commission: None
5. Attorney General: None
6. Board for Community and Junior Colleges: None
7. Corrections: Page 59
8. Economic and Community Development: None
9. Education: Page 65
10. Educational Television: None
11. Emergency Management: None
12. Employment Security: None
13. Environmental Quality: None
14. Finance and Administration: Page 49
15. Forestry Commission: None
16. Health: Pages 53, 73
17. Human Services: Pages 55, 75
18. Library Commission: None
19. Marine Resources: None
20. Medicaid: Page 89
21. Mental Health: Page 93
22. Military Department: None
23. Narcotics: None
24. Plant Industry: None
25. Public Safety: None
26. Public Service Commission: None
27. Rehabilitation Services: Pages 69, 97
28. Supreme Court: None
29. Transportation: Page 61
30. Treasury: None
31. Veterans Affairs Board: None
32. Wildlife, Fisheries and Parks: None
33. Yellow Creek Inland Port Authority: None

Note: *If findings and recommendations related to an agency appear on more than one page in a sequence, only the first page is indicated in the above reference.*

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STATE OF MISSISSIPPI

**INDEX OF FINDINGS AND RECOMMENDATIONS
LISTED BY FINDING NUMBER
FOR THE YEAR ENDED JUNE 30, 1999**

<u>FINDING NUMBER</u>	<u>PAGE NUMBER</u>	<u>STATE AGENCY NAME</u>
99-01	53, 73	Health
99-02	65	Education
99-03	66	Education
99-04	67	Education
99-05	69, 97	Rehabilitation Services
99-06	71	Rehabilitation Services
99-07	59	Corrections
99-08	60	Corrections
99-09	93	Mental Health
99-10	94	Mental Health
99-11	61	Transportation
99-12	62	Transportation
99-13	91	Medicaid
99-14	89	Medicaid
99-15	90	Medicaid
99-16	92	Medicaid
99-17	75	Human Services
99-18	77	Human Services
99-19	55, 78	Human Services
99-20	56, 79	Human Services
99-21	81	Human Services
99-22	83	Human Services
99-23	84	Human Services
99-24	85	Human Services
99-25	86	Human Services
99-26	95	Mental Health
99-27	49	Finance and Administration

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STATE OF MISSISSIPPI

INDEX OF MANAGEMENT RESPONSES AND CORRECTIVE ACTION PLANS LISTED BY STATE AGENCY FOR THE YEAR ENDED JUNE 30, 1999

1. Agricultural and Commerce: None
2. Animal Health: None
3. Archives and History: None
4. Arts Commission: None
5. Attorney General: None
6. Board for Community and Junior Colleges: None
7. Corrections: Page 129
8. Economic and Community Development: None
9. Education: Page 133
10. Educational Television: None
11. Emergency Management: None
12. Employment Security: None
13. Environmental Quality: None
14. Finance and Administration: Pages 137
15. Forestry Commission: None
16. Health: Page 139
17. Human Services: Page 141
18. Library Commission: None
19. Marine Resources: None
20. Medicaid: Page 153
21. Mental Health: Page 157
22. Military Department: None
23. Narcotics: None
24. Plant Industry: None
25. Public Safety: None
26. Public Service Commission: None
27. Rehabilitation Services: Page 161
28. Supreme Court: None
29. Transportation: Page 163
30. Treasury: None
31. Veterans Affairs Board: None
32. Wildlife, Fisheries, and Parks: None
33. Yellow Creek Inland Port Authority: None

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V. ACKNOWLEDGMENTS



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